

UNITED BANCSHARES INC/OH
Form DEF 14A
March 20, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

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[] Soliciting Material under § 240.14a-12

United Bancshares, Inc.

(Name of Registrant as Specified in Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant): N/A

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5) Total fee paid: N/A

Fee paid previously with preliminary materials.

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4) Date filed: N/A

UNITED BANCSHARES, INC.

100 South High Street

Columbus Grove, Ohio 45830

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 24, 2013

TO THE SHAREHOLDERS OF UNITED BANCSHARES, INC.:

You are cordially invited to attend the Annual Meeting of the Shareholders of United Bancshares, Inc. to be held on April 24, 2013 at 7:00 p.m. at The Union Bank Company, 100 South High Street, Columbus Grove, Ohio, for the purpose of considering and acting on the following:

1.

Election of directors to serve until the 2014 Annual Meeting;

2.

A non-binding advisory vote to approve the compensation of our named executive officers;

3.

A non-binding advisory vote on the frequency of future advisory votes on compensation of our named executive officers;

4.

Ratifying the appointment of CliftonLarsonAllen LLP as the independent registered public accounting firm for the Corporation; and

5.

Transacting such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on March 5, 2013 will be entitled to vote at the meeting. Your vote is important. Please vote your proxy promptly so your shares can be represented, even if you plan to attend the annual meeting. You can vote by internet, by telephone or by using the enclosed proxy card.

March 20, 2013

By Order of the Board of Directors

/s/ Heather M. Oatman

Heather M. Oatman, Secretary

IMPORTANT

A proxy statement and proxy are submitted herewith. As a shareholder, you are urged to complete and mail the proxy promptly whether or not you plan to attend this annual meeting in person. The proxy is revocable at any time prior to the exercise thereof by written notice to the Corporation, and shareholders who attend the annual meeting may withdraw their proxies and vote their shares personally if they so desire.

PROXY STATEMENT

UNITED BANCSHARES, INC.

100 South High Street

Columbus Grove, Ohio 45830

ANNUAL MEETING OF SHAREHOLDERS

April 24, 2013

INTRODUCTION

The enclosed proxy is solicited by the Board of Directors of United Bancshares, Inc. (also referred to in this Proxy Statement as “United Bancshares” or the “Corporation”), in connection with the Annual Meeting of Shareholders to be held at 7:00 p.m. on April 24, 2013 at The Union Bank Company, 100 South High Street, Columbus Grove, Ohio (the “Annual Meeting”), or at any adjournments thereof.

The Annual Meeting has been called for the following purposes: (i) to elect the directors to serve on the Board of Directors until the 2014 Annual Meeting; (ii) to conduct a non-binding advisory vote to approve the compensation of our named executive officers (“say-on-pay”); (iii) to conduct a non-binding advisory vote on the frequency of future advisory votes on compensation of our named executive officers (“say-on-frequency”); (iv) to ratify the appointment of CliftonLarsonAllen LLP as the independent registered public accounting firm for the Corporation; and (v) to transact any other business that may properly come before the Annual Meeting or any adjournments thereof.

Shares of United Bancshares common stock may be voted by internet, by telephone or by using the enclosed proxy card. To vote via the internet, go to the website www.investorvote.com/UBOH and follow the instructions. To vote via telephone, call 1-800-652 VOTE (8683) and follow the instructions. If you authorize a proxy to vote your shares over the internet or by telephone, you should not return a proxy card by mail (unless you are revoking your proxy).

This Proxy Statement and the accompanying Notice of Annual Meeting are being mailed to shareholders on or about March 20, 2013.

REVOCATION OF PROXIES AND DISCRETIONARY AUTHORITY

Shares of United Bancshares common stock can be voted at the Annual Meeting only if the shareholder is represented by proxy or is present in person. Shareholders who execute proxies retain the right to revoke them at any time. Unless revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies may be revoked (i) by written notice to the Secretary of United Bancshares (addressed to: United Bancshares, Inc., 100 South High Street, Columbus Grove, Ohio 45830, Attention: Secretary) prior to the time the proxy is voted; (ii) by the filing of a later dated proxy prior to a vote being taken on a particular proposal at the Annual Meeting; or (iii) in open meeting at any time before the proxy is voted.

Proxies solicited by the Board of Directors will be voted in accordance with the directions given therein. Where no instructions are indicated, properly executed proxies will be voted (i) **FOR** the nominees for director set forth in this Proxy Statement, (ii) **FOR** the adoption of a nonbinding resolution to approve the compensation of our named executive officers, (iii) **FOR** a nonbinding advisory vote on the frequency of future advisory votes on compensation of our named

executive officers to be held every **three years**, and (iv) **FOR** the ratification of the appointment of CliftonLarsonAllen LLP as the independent registered public accounting firm for the Corporation. The proxy confers discretionary authority on the proxy holder to vote with respect to (i) the election of any person as a director where the nominee is unavailable or unable to serve, (ii) matters incident to the conduct of the Annual Meeting, (iii) an adjournment of the meeting and (iv) any other business that may properly come before the meeting or any adjournments thereof.

PERSON MAKING THE SOLICITATION

The enclosed proxy is being solicited by United Bancshares and the cost of soliciting proxies will be borne by United Bancshares. Proxies may be solicited by mail, telephone, electronic mail or facsimile by directors, officers and employees of United Bancshares who will receive no compensation in addition to their regular compensation. United Bancshares may decide that it is appropriate to retain a proxy solicitation firm or agency to solicit proxies. If a proxy solicitation firm or agency is retained, United Bancshares will bear the cost.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each share of United Bancshares common stock outstanding on March 5, 2013, the record date of the Annual Meeting, is entitled to one vote on all matters coming before the meeting. As of March 5, 2013, United Bancshares had 3,446,745 shares of common stock issued and outstanding. Only shareholders of record on the books of the Corporation on March 5, 2013 will be entitled to vote at the Annual Meeting either in person or by proxy. Pursuant to the Regulations of the Corporation, the shareholders present in person or by proxy at the Annual Meeting shall constitute a quorum.

If you are the beneficial owner of shares held in street name by a broker, bank or other nominee, your nominee is required to vote those shares in accordance with your instructions. If the nominee does not receive instructions from the beneficial owner, the nominee will be entitled to vote the shares on certain routine items. However, the nominee is not entitled to vote the shares (absent instructions from the beneficial owner) with respect to non-routine matters such as executive compensation, including the non-binding advisory vote on say-on-pay and say-on-frequency. When the nominee does not receive instructions from a beneficial owner concerning a non-routine matter, over which the nominee has no voting discretion, a "broker non-vote" occurs. Shares treated as broker non-votes are included for purposes of determining whether a quorum exists, however, such shares will not be counted as being in favor of or against any proposal placed before the shareholders at the Annual Meeting.

Security Ownership of Certain Beneficial Owners

Under Rule 13(d) of the Securities Exchange Act of 1934, a beneficial owner of a security is any person who directly or indirectly has or shares voting power or investment power over such security. Such beneficial owner under this definition need not enjoy the economic benefit of such securities. The shareholder identified in the following table is deemed to be a beneficial owner of 5% or more of the common stock of United Bancshares as of December 31, 2012. The Corporation is not aware of any other shareholder beneficially owning 5% or more of the Corporation's common stock.

Title of Class	Name and Address of Beneficial Owner	Numbers of Shares Beneficially Owned	<u>Percent of Class</u>
Common	Joe S. Edwards, Jr. 2626 Shoreline Drive Lima, Ohio 45805	185,101	5.37

Security Ownership of Management

The following table sets forth, as of February 6, 2013, the ownership of common stock by management of United Bancshares, including (i) the common stock beneficially owned by each director, nominee for director and executive officer of United Bancshares and (ii) the common stock beneficially owned by all officers, directors and nominees as a group. The number of shares listed for each person includes shares held in the name of spouses, minor children, certain relatives, trusts or estates whose share ownership under the beneficial ownership rules of the Securities and Exchange Commission (the "SEC") is to be aggregated with that of the director or officer whose share ownership is shown.

Name	Position	Number of Shares of	Percent of
		Common Stock Beneficially Owned	Common Stock Outstanding ⁽¹⁾
Robert L. Benroth	Director	7,000 ⁽²⁾ (3)	0.20%
Diana L. Engelhardt	Chief Financial Officer	332 (4)	.01%
Heather M. Oatman	Secretary	8,763 (5)	0.25%
James N. Reynolds	Director, Chairman	62,552 (6)	1.82%
H. Edward Rigel	Director	30,325	0.88%
David P. Roach	Director	5,497 (7)	0.16%
Daniel W. Schutt	Director	20,677	0.60%
R. Steven Unverferth	Director	2,327 (8)	0.07%
Brian D. Young	Director, President and CEO	17,783	0.52%
All directors, nominees and officers as a group (9 persons) (1)		155,256	4.51%

Reflects percentage ownership based on all issued and outstanding shares of the respective individuals.

(2)

Includes 6,000 shares held jointly with Mr. Benroth's brother.

(3)

Reflects shares allocated to Ms. Engelhardt under the Corporation's Employee Stock Ownership Plan.

(4)

Includes 8,484 shares allocated to Ms. Oatman under the Corporation's Employee Stock Ownership Plan.

(5)

Includes (a) 37,790 shares owned by Mr. Reynolds' spouse; and (b) 1,792 shares allocated to Mr. Reynolds under the Corporation's Employee Stock Ownership Plan.

(6)

Includes 15,135 shares held in a trust of which Mr. Rigel is a co-trustee.

(7)

Includes 4,746 shares owned by Mr. Schutt through his IRA and 14,550 shares allocated to Mr. Schutt under the Corporation's Employee Stock Ownership Plan.

(8)

Includes (a) 13,636 shares allocated to Mr. Young under the Corporation's Employee Stock Ownership Plan and (b) 1,045 shares owned by Mr. Young's minor children.

ITEMS OF BUSINESS TO BE VOTED ON BY SHAREHOLDERS**PROPOSAL NUMBER 1: ELECTION OF DIRECTORS**

The Board of Directors adopted a resolution decreasing the number of directors from eight to seven directors in response to the passing of Robert L. Dillhoff, after many faithful years of service to the Corporation and the community, in December 2012. The remaining incumbent directors of United Bancshares, totaling seven, are nominated to be elected as directors and to serve until the next annual meeting. The following table sets forth information concerning the nominees for directors of United Bancshares:

Name	Age	Principal Occupation⁽¹⁾	Positions Held with United Bancshares	Director of United Bancshares Since	Director of The Union Bank Company Since⁽²⁾
Robert L. Benroth	50	Putnam County Auditor and Chief Financial Officer	Director	2003	2001
James N. Reynolds	75	Retired banker; Chairman of United Bancshares	Director and Chairman	2000	1966
H. Edward Rigel	70	Farmer, Rigel Farms, Inc.	Director	2000	1979
David P. Roach	62	Vice-President and General Manager for First Family Broadcasting of Ohio ⁽³⁾	Director	2001	1997
Daniel W. Schutt	65	Retired Banker ⁽⁴⁾	Director, President and CEO	2005	2005

R. Steven Unverferth	60	President, Unverferth Manufacturing Corporation, Inc.	Director	2005	1993
Brian D. Young	46	President and Chief Executive Officer of United Bancshares ⁽⁵⁾	Director, EVP, Treasurer, CFO, President and CEO	2012	2008

(1)

Except as otherwise indicated in this Proxy Statement, each nominee has held the occupation identified for at least five years preceding the

date of this Proxy Statement.

(2)

Indicates year first elected or appointed to the Board of Directors of The Union Bank Company, a subsidiary of United Bancshares, or

either of its former affiliate banks, Bank of Leipsic or the Citizens Bank of Delphos.

(3)

Mr. Roach previously served as a Manager at Maverick Media Radio Stations of Ohio.

(4)

Mr. Schutt previously served as President and Chief Executive Officer of United Bancshares from January 2005 to July 2012.

Mr. Schutt is now retired.

(5)

Mr. Young is the current President and Chief Executive Officer of United Bancshares and has served in such capacity since August

2012. Prior to his new appointment, Mr. Young served as the Chief Financial Officer (since 2001), the Treasurer (since 2002), and

Executive Vice President (since 2005) of United Bancshares.

The Board of Directors has set the size of the Board at seven directors. In the future, should the Board of Directors determine that additional new members would be beneficial to the Corporation, it will take action to increase the size of the Board and work with the Nominating Committee to find suitable candidates for placement on the Board.

The Board of Directors recommends that shareholders vote **FOR** the election of the nominees. Shares as to which authority to vote is withheld, abstentions and broker non-votes that are present in person or by proxy will not be counted and will have no effect on the outcome of the election. The directors are elected by a plurality of the votes cast. As such, the seven nominees receiving the highest number of votes will be elected as directors.

Please see narrative under the heading “**Director and Nominee Qualifications**” beginning on page 8 of this Proxy Statement for discussion of the qualifications of each director nominee.

Shares represented by the accompanying form of proxy will be voted **FOR** the election of the nominees and, unless contrary instructions are indicated as provided on the proxy card. (If you do not wish your shares to be voted for particular nominees, please so indicate on the proxy card). If one or more of the nominees should at the time of the Annual Meeting be unavailable or unable to serve as a director, the shares represented by the proxies will be voted to elect the remaining nominees and any substitute nominee or nominees designated by the Board of Directors.

PROPOSAL NUMBER 2: NON-BINDING VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and corresponding SEC regulations require that the Corporation permit a non-binding advisory vote on the compensation of its named executive officers, as described in the tabular disclosure regarding named executive officer compensation and the related narrative disclosure in this Proxy Statement. This proposal, which is commonly referred to as a “say-on-pay” proposal, gives the Corporation’s shareholders the opportunity to endorse or not endorse the Corporation’s executive compensation program through the following resolution:

“RESOLVED, that the compensation of the Corporation’s named executive officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation tables and related narrative disclosure, is hereby approved on an advisory non-binding basis.”

The Board of Directors believes that the Corporation’s compensation programs and policies attract and retain talented executives, closely tie executive pay to the performance of the Corporation, support the Corporation’s annual and long term business strategies, and align the interests of the Corporation’s executive officers with its shareholders.

For these reasons, we are asking the shareholders to support this proposal. While the advisory vote is non-binding, the Compensation Committee and the Board of Directors value the views of the shareholders and will take into account the outcome of the vote when considering future compensation decisions for the Corporation’s named executive officers.

In relation to the vote, shareholders are encouraged to review the information provided in this proxy statement regarding compensation of the Corporation's named executive officers in the section captioned "**COMPENSATION OF NAMED EXECUTIVE OFFICERS**" beginning on page 15 of this Proxy Statement.

The Board of Directors recommends that shareholders vote **FOR** the non-binding advisory resolution approving the Corporation's named executive officer compensation.

Proxies received by the Corporation and not revoked prior to the Annual Meeting will be voted in favor of the non-binding advisory resolution approving the Corporation's named executive officer compensation unless otherwise instructed by the shareholder. Shares as to which authority to vote is withheld, abstentions and broker non-votes that are present in person or by proxy will not be counted and will have no effect on the outcome of the non-binding advisory vote.

PROPOSAL NUMBER 3: ADVISORY VOTE ON THE FREQUENCY OF SHAREHOLDER ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Act and corresponding SEC regulations also require that the Corporation provide shareholders the opportunity to vote, on a non-binding advisory basis, on the frequency with which the Corporation should seek future advisory votes from its shareholders on executive compensation as provided for in Proposal 2. By voting on this proposal, shareholders may indicate whether they would prefer a non-binding advisory vote on the named executive officer compensation once every one, two or three years. In addition, shareholders may abstain from voting.

After much consideration, the Board of Directors has determined that an advisory vote on the Corporation's named executive officer compensation which occurs every three years is the appropriate approach. The Corporation's executive compensation programs and policies are designed to promote long term growth and performance of the Corporation. Changes in compensation structure, including those suggested by shareholders, would take time to implement, and evaluating the results of any such change would also take time and careful consideration. For these reasons, the Board of Directors believes that evaluating these programs every three years as opposed to shorter intervals is more appropriate. The Board of Directors also believes a three-year period will provide the Corporation with adequate time to engage shareholders and respond to "say-on-pay" vote results.

We recognize that shareholders may have different views as to the best approach for the Corporation, and therefore we look forward to hearing from our shareholders as to their preferences on the frequency for an advisory vote on executive compensation.

Shareholders are not voting to approve or disapprove the Board's recommendation. The final vote is advisory and non-binding on the Company or its Board of Directors. However, the Board of Directors will take into account the outcome of the vote, including whether any frequency receives a majority of the vote required, when considering the frequency of a shareholder advisory vote on executive compensation of its named executive officers.

The Board of Directors recommends that shareholders vote to recommend a non-binding advisory vote on executive compensation every **THREE YEARS**.

Proxies received by the Corporation and not revoked prior to the Annual Meeting will be voted in favor of an advisory vote on executive compensation every "**THREE YEARS**" unless otherwise instructed by the shareholder. Shares as to which authority to vote is withheld, abstentions and broker non-votes that are present in person or by proxy will not be counted and will have no effect on the outcome of the non-binding advisory vote.

PROPOSAL NUMBER 4: RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors of the Corporation has selected CliftonLarsonAllen LLP as the Corporation's independent registered public accounting firm to perform the audit of the Corporation's financial statements and internal controls over financial reporting for the fiscal year ending December 31, 2013.

CliftonLarsonAllen LLP was the Corporation's independent registered public accounting firm for the fiscal year ended December 31, 2012 and has served the Corporation in that role since 2000.

Representatives from CliftonLarsonAllen LLP are expected to attend the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions.

We are asking our shareholders to ratify the selection of CliftonLarsonAllen LLP as the Corporation's independent registered public accounting firm. Although ratification of the appointment is not required by law, the Corporation's Regulations, the Board of Directors' by-laws or otherwise, the Board is submitting the selection of CliftonLarsonAllen LLP to our shareholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Corporation and our shareholders.

It is intended that the common shares represented by the accompanying proxy card will be voted for the resolution ratifying the appointment of CliftonLarsonAllen LLP as the Corporation's independent registered public accounting firm, unless contrary instructions are indicated as provided on the proxy card. If you do not wish your shares to be voted for the resolution, please so indicate on the proxy card. The Board of Directors recommends that the shareholders vote **FOR** the adoption of the following resolution. The resolution states:

“RESOLVED, that action by the Audit Committee appointing CliftonLarsonAllen LLP as the Corporation's independent registered public accounting firm to conduct the annual audit of the financial statements of the Corporation and its subsidiaries for the fiscal year ending December 31, 2013 is hereby ratified, confirmed and approved.”

Proxies received by the Corporation and not revoked prior to the Annual Meeting will be voted in favor of ratification of the appointment of CliftonLarsonAllen LLP unless otherwise instructed by the shareholder. Shares as to which authority to vote is withheld or abstained will not be counted and will have no effect on the outcome of the vote. The affirmative vote of a majority of the common shares represented at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal is required to ratify the appointment of CliftonLarsonAllen LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2013.

DIRECTORS AND EXECUTIVE OFFICERS

The following table identifies each of the current directors and executive officers of United Bancshares.

Name	Age	Principal Occupation ⁽¹⁾	Positions Held with United Bancshares	Director of United Bancshares Since	Director of The Union Bank Company Since ⁽²⁾
Robert L. Benroth	50		Director	2003	2001

Putnam County Auditor and
Chief Financial Officer

Diana L. Engelhardt	56	Chief Financial Officer of United Bancshares ⁽³⁾	Chief Financial Officer	N/A	N/A
Heather M. Oatman	40	Secretary of United Bancshares ⁽⁴⁾	Secretary	N/A	N/A
James N. Reynolds	75	Retired Banker; Chairman of United Bancshares	Director and Chairman	2000	1966
H. Edward Rigel	70	Farmer, Rigel Farms, Inc.	Director	2000	1979
David P. Roach	62	Vice-President and General Manager for First Family Broadcasting of Ohio ⁽⁵⁾	Director	2001	1997

7

Daniel W. Schutt	65	Retired Banker ⁽⁶⁾	Director, President and CEO	2005	2005
R. Steven Unverferth	60	President of Unverferth Manufacturing Corporation, Inc.	Director	2005	1993
Brian D. Young	46	President and Chief Financial Officer of United Bancshares ⁽⁷⁾	Director, EVP, Treasurer, CFO, President and CEO	2012	2008

(1)

Except as otherwise indicated in this Proxy Statement, each director and officer has held the occupation identified for at least

five years preceding the date of this Proxy Statement.

(2)

Indicates year first elected or appointed to the Board of The Union Bank Company, a subsidiary of United Bancshares, or either

of its former affiliate banks, Bank of Leipsic or the Citizens Bank of Delphos.

(3)

Ms. Engelhardt previously served as Executive Vice President of Finance and Operations for The Andover Bank, Andover,

Ohio from January 2007 until joining The Union Bank Company, a subsidiary of United Bancshares in February 2012.

(4)

Ms. Oatman has served as the Secretary of United Bancshares since April 2008 and as the Human Resources Manager for The

Union Bank Company since 1996.

(5)

Mr. Roach previously served as a Manager at Maverick Media Radio Stations of Ohio.

(6)

Mr. Schutt previously served as President and Chief Executive Officer of United Bancshares from January 2005 to July 2012.

Mr. Schutt is now retired.

(7)

Mr. Young is the current President and Chief Executive Officer of United Bancshares and has served in such capacity since

August 2012. Prior to his new appointment, Mr. Young served as the Chief Financial Officer (since 2001), the Treasurer (since

2002), and Executive Vice President (since 2005) of United Bancshares.

Director and Nominee Qualifications

The Nominating Committee of our Board of Directors considers candidates to fill new directorships created by expansion and vacancies that may occur and makes recommendations to the Board of Directors with respect to such candidates. The Board has not adopted a policy with respect to minimum qualifications for directors, rather the Nominating Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of persons that can best implement our business plan, perpetuate our business and represent shareholder interests. It is a policy of the Nominating Committee that candidates for director possess the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and have skills and expertise appropriate for the Corporation and serving the long-term interest of the Corporation's shareholders. The committee, in making its nominations, considers all relevant qualifications of candidates for board membership, including, among other things, factors such as an individual's business experience, industry knowledge and experience, financial background, breadth of knowledge about issues affecting the Corporation, public company experience, bank and other regulatory experience, diversity, current employment and other board memberships, and whether the candidate will be independent under the listing standards of the NASDAQ Global Select Market. In some cases, the Nominating Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific Board needs that arise from time to time. In the case of incumbent directors whose terms of office are set to expire, the committee also reviews such director's overall service to the Corporation during his or her term and any relationships and transactions that might impair such director's independence.

While the Corporation does not have a formal diversity policy for Board membership, the Board seeks directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. The Nominating Committee considers, among other factors, diversity with respect to viewpoint, skills, experience and community involvement in its evaluation of candidates for Board membership. Such diversity considerations are discussed by the Nominating Committee in connection with the general qualifications of each potential nominee.

Robert L. Benroth is a current director of United Bancshares and The Union Bank Company. He currently serves as Auditor and Chief Financial Officer for Putnam County. Mr. Benroth joined the Board of The Union Bank Company in 2001 and the Board of United Bancshares in 2003. He serves as Chairman of the Audit Committee, and is a member of the Nominating Committee and the Employee Stock Purchase Plan Committee. Mr. Benroth is a past member of the Accountancy Board of Ohio.

Mr. Benroth brings to the Board a breadth of relevant experience in accounting and financial matters and serves as the Board's "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K. Further, Mr. Benroth brings to the Board an institutional knowledge of The Union Bank Company due to his extensive tenure as a member of its Board.

James N. Reynolds is currently a director and Chairman of United Bancshares and a director of The Union Bank Company. Mr. Reynolds formerly served as Chief Executive Officer of the Bank of Leipsic, a role he occupied from 1965 until 1998. He joined the Board of the Bank of Leipsic in 1966 (and, subsequent to the acquisition of the Bank of Leipsic by The Union Bank Company, the Board of The Union Bank Company in 2000) and the Board of United Bancshares in 2000. Mr. Reynolds also is a member of the Compensation Committee.

Mr. Reynolds provides valuable insights and industry knowledge due to his extensive career in the banking and financial services industries, including over 40 years of executive management experience. He also brings to the Board an institutional knowledge of The Union Bank Company and United Bancshares due to his extensive tenures on those respective Boards.

H. Edward Rigel is currently a director of United Bancshares and a director of The Union Bank Company. He joined the Board of the Bank of Leipsic in 1979 (and, subsequent to the acquisition of the Bank of Leipsic by The Union Bank Company, the Board of The Union Bank Company in 2000) and the Board of United Bancshares in 2000. He is also President of Rigel Farms, Inc., a role that he has occupied since 1979. Mr. Rigel serves as Chairman of the Nominating Committee and is a member of the Audit Committee.

Mr. Rigel's executive and management experience have equipped him to contribute to the Board's oversight of the Corporation's management and business activities. He also brings to the Board an institutional knowledge of the Bank of Leipsic, The Union Bank Company and United Bancshares due to his extensive tenures on those respective Boards.

David P. Roach is currently a director of United Bancshares and a director of The Union Bank Company. He joined the Board of the Citizens Bank of Delphos in 1997 (and, subsequent to the acquisition of the Citizens Bank of Delphos by The Union Bank Company, the Board of The Union Bank Company in 2001) and the Board of United Bancshares in 2001. He is currently the Vice-President and General Manager for First Family Broadcasting of Ohio. Mr. Roach is a member of the Compensation Committee and the Nominating Committee.

Mr. Roach's extensive executive and management experience have equipped him to contribute to the Board's oversight of management and business activities. Further, Mr. Roach brings relevant experience and an institutional knowledge of the Corporation developed through his long tenure on the Citizens Bank of Delphos, The Union Bank Company and United Bancshares Boards.

Daniel W. Schutt is currently a director and has served in that capacity for The Union Bank Company and United Bancshares since 2005. Mr. Schutt formerly served as President and Chief Executive Officer of United Bancshares from January 2005 until his retirement in July 2012. He also served as President of The Union Bank Company from January 2005 to March 2010 and as its Chief Executive Officer from March 2005 until his retirement in July 2012.

Mr. Schutt brings valuable insight and industry knowledge to the Board with over 40 years of experience, including over 25 years of experience as an executive, within the banking industry. During his tenure as past President and Chief Executive Officer, Mr. Schutt has developed unique insights into the business activities of the Corporation and its subsidiaries and provides a wealth of institutional knowledge to the Board

R. Steven Unverferth is currently a director of United Bancshares and The Union Bank Company. He is also President of Unverferth Manufacturing Corporation, Inc., a large agricultural equipment manufacturer. Mr. Unverferth became affiliated with the Board of The Union Bank Company in 1993 and joined the Board of United Bancshares in 2005. Mr. Unverferth serves as the Chairman of the Compensation Committee and is a member of the Audit Committee.

Mr. Unverferth brings to the Board an extensive executive management and agricultural experience which equip him to contribute to the Board's oversight of the Corporation's management and business activities. Further, Mr. Unverferth brings to the Board an institutional knowledge of The Union Bank Company due to his extensive tenure as a member of its Board.

Brian D. Young is currently a director and the President and Chief Executive Officer of United Bancshares and The Union Bank Company. Mr. Young has been a director of The Union Bank Company since 2008 and of United Bancshares since 2012. Prior to becoming President and Chief Executive Officer in August 2012, Mr. Young served in a variety of executive roles for United Bancshares including as its Chief Financial Officer since 2001 and Executive Vice President since 2005.

Mr. Young brings to the Board extensive experience in all aspects of the bank operations and management. Having served in numerous roles at The Union Bank Company and United Bancshares over the past 12 years, Mr. Young provides invaluable insight and institutional knowledge and provides the Board information as to the operations of Corporation and its subsidiaries, identifying near- and long-term challenges and opportunities for the Corporation.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the ordinary course of conducting its business, United Bancshares, for itself or through its banking subsidiary, may engage in transactions with the employees, directors and managers of United Bancshares and The Union Bank Company which may include, but not be limited to, loans. With the exception of certain discounts available to employees which are administered in accordance with Ohio banking law, all banking transactions with directors, employees or managers of United Bancshares, or its subsidiary, are conducted on the same basis and terms as would be provided to any other bank customer. In addition, each of these transactions was made on terms similar to those that could have been negotiated with an unaffiliated third party.

To the knowledge of United Bancshares, no director, officer or affiliate of the Corporation, owner of record or beneficially of more than 5% of the Corporation's common stock, or any associate of any such director, officer, affiliate of the Corporation or security holder, is an adverse party to the Corporation or any of its subsidiaries or has a material interest that is adverse to the Corporation or any of its subsidiaries.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires United Bancshares' officers and directors and persons who own more than 10% of a registered class of the Corporation's equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required to furnish United Bancshares with copies of all Section 16(a) forms they file. Based solely on the Corporation's review of the Section 16(a) forms received by it and by statements of officers and directors concerning their compliance with the applicable filing requirements the officers, directors and greater than 10% beneficial owners of United Bancshares have complied with all applicable filing requirements.

CORPORATE GOVERNANCE

Board of Directors Meetings

The Board of Directors met twelve times during the fiscal year ended December 31, 2012. The directorate as a whole attended all of the Board meetings. United Bancshares encourages its directors to attend its Annual Meetings of Shareholders, and all directors attended the 2012 Annual Meeting of Shareholders. Directors receive up to \$10,000 annual compensation for their service on the Board of Directors of United Bancshares. Additionally, the Chairman of the Board receives \$5,000, the Chairman of the Audit Committee receives \$2,500, the Chairman of the Nominating Committee receives \$500 and the Chairman of the Compensation Committee receives \$500 for their service in these positions. Inside directors are not compensated for their services as directors beyond their salaries received from United Bancshares or its subsidiaries. All of the directors of United Bancshares also serve as directors of United Bancshares' depository subsidiary, The Union Bank Company. Each of the outside directors receives additional compensation for their services as a director of a subsidiary.

Board Leadership Structure and Risk Oversight

The Chairman of the Board is a director and presides at meetings of the Board. The Chairman is appointed on an annual basis by at least a majority vote of the remaining directors. Currently, the offices of Chairman of the Board and Chief Executive Officer are separated. Such separation enables the Chairman to devote his time to managing the Board and the Chief Executive Officer to focus on the operations of the Corporation. The Corporation has no fixed policy with respect to separation of the offices of the Chairman of the Board and Chief Executive Officer, and the Board believes it is in the best interests of the Corporation and its shareholders to review the leadership structure from time to time.

The Board of Directors is responsible for consideration and oversight of risks facing the Corporation, and is responsible for ensuring that material risks are identified and managed appropriately. Several oversight functions are

delegated to committees of the Board with such committees regularly reporting to the full Board the results of their respective oversight activities. As part of this process, the Board reviews management's risk-assessment process and periodically reviews the most important enterprise risks to ensure that compensation programs do not encourage excessive risk-taking. Additional review or reporting on enterprise risks is conducted as needed or as requested by the Board or a Board committee.

Board of Directors Independence

Each year, the Board of Directors reviews the relationships that each director has with the Corporation and with other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the meaning of applicable NASDAQ Stock Market, LLC (“NASDAQ”) Rules and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director are considered to be independent directors. The Board of Directors has reviewed a number of factors to evaluate the independence of each of its members. These factors include its members’ current and historic relationships with the Corporation and its competitors, suppliers and customers; their relationships with management and other directors; the relationships their current and former employers have with the Corporation; and the relationships between the Corporation and other companies of which the Corporation’s Board members are directors or executive officers. After evaluating these factors, the Board of Directors has determined that all of the directors, with the exception of Daniel W. Schutt and Brian D. Young, are independent directors of the Corporation within the meaning of applicable NASDAQ Rules.

Independent members of the Board of Directors of the Corporation meet in executive session without management present, and are scheduled to do so at least two times per year. The Board of Directors has designated James N. Reynolds as the presiding director for these meetings.

Shareholder Communications

Our shareholders may communicate directly with the members of the Board of Directors or the individual chairman of standing committees of the Board of Directors by writing directly to those individuals at the following address: 100 South High Street, Columbus Grove, Ohio 45830. The Corporation’s general policy is to forward, and not to intentionally screen, any mail received at the Corporation’s corporate office that is sent directly to an individual.

Code of Ethics

The Board of Directors has adopted a Code of Ethics which is applicable to the Chief Executive Officer, Chief Financial Officer and all other senior financial officers. The Code of Ethics is periodically reviewed and updated by the Board of Directors, as necessary. A copy of the Code of Ethics may be found on the Corporation’s website at <http://www.theubank.com/2705/mirror/united-bancshares.htm>. In addition, the Board of Directors has adopted a code of ethics that applies to all of our employees, officers and directors.

COMMITTEES OF THE BOARD OF DIRECTORS

Nominating Committee

The Corporation has a Nominating Committee, the members of which are H. Edward Rigel (Chairman), Robert L. Benroth, and David P. Roach. Each member of the Nominating Committee is independent within the meaning of applicable NASDAQ Rules. The Nominating Committee, which was formed in 2003, is responsible for reviewing the qualifications of potential candidates for the Board of Directors, including those potential candidates submitted by shareholders. In addition, the Nominating Committee recommends to the Board of Directors candidates for election as directors at the Annual Meeting of Shareholders and candidates to fill vacancies on the Board of Directors. United Bancshares does not have a formal policy regarding consideration of such recommendations; however, any recommendations received from shareholders will be evaluated in the same manner that potential nominees suggested by the Board of Directors are evaluated, as described below. Shareholders may send director nomination recommendations to the Secretary of the Corporation at 100 South High Street, Columbus Grove, Ohio 45830. The Nominating Committee met a total of one time during the fiscal year ended December 31, 2012. The Nominating Committee has adopted a written charter which may be found on the Corporation's website at <http://www.theubank.com/2705/mirror/united-bancshares.htm>.

It is the policy of the Nominating Committee that candidates for director possess the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and have skills and expertise appropriate for the Corporation and serving the long-term interest of the Corporation's shareholders. The Nominating Committee's process for identifying and evaluating nominees is as follows: (1) in the case of incumbent directors whose terms of office are set to expire, the Nominating Committee reviews such directors' overall service to the Corporation during their term, including the number of meetings attended, level of participation, quality of performance, and any related party transactions with the Corporation during the applicable time period; and (2) in the case of new director candidates, the Nominating Committee first conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Nominating Committee may conduct an interview of a possible candidate and then meet to discuss and consider such candidate's qualifications, including whether the nominee is independent for purposes of the NASDAQ Rules. It then selects a candidate for recommendation to the Board of Directors by majority vote. In seeking potential nominees, the Nominating Committee uses its network of contacts and those who have expressed interest to compile a list of potential candidates. To date, the Nominating Committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates. The Nominating Committee meets as many times as necessary to determine the nominees for the Board of Directors for the next annual meeting.

Compensation Committee

United Bancshares has a Compensation Committee, the members of which are David P. Roach, James N. Reynolds and R. Steven Unverferth (Chairman). Each member of the Compensation Committee is independent within the meaning of applicable NASDAQ Rules and non-employee directors within the meaning of Section 162 of the Internal Revenue Code and Rule 16b-3 under the Exchange Act. The Compensation Committee is responsible for reviewing the compensation, performance and retention related issues with respect to the executive officers of United Bancshares. The Compensation Committee does not have a charter. In 2012, the Compensation Committee met two times.

The Compensation Committee of the Board of Directors is responsible for determining the compensation to be paid to the Corporation's executive officers and for the performance review of the Chief Executive Officer, while the entire

Board of Directors of the Corporation is responsible for developing the executive compensation principles, policies and programs for all of our executive officers. In establishing the final compensation for the named executive officers, the Compensation Committee proposes the compensation amounts to the Board of Directors, which makes any necessary changes to the compensation and gives final approval of the compensation.

Audit Committee

The Corporation has an Audit Committee, the members of which are R. Steven Unverferth, H. Edward Rigel, and Robert L. Benroth (Chairman). The Audit Committee was created and a written charter for the Audit Committee was adopted on August 8, 2000, and amended on February 15, 2005. All of the members of the Audit Committee are (i) independent directors as defined in NASDAQ Rule 5605(a)(2); (ii) meet the criteria for independence set forth in Rule 10A(m)(3) of the Securities Exchange Act of 1934; and (iii) have not participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years. The Board of Directors has determined that Robert L. Benroth is an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K. The Audit Committee has the sole authority to retain and dismiss the independent auditors and reviews their performance and independence with management. The primary functions of the Audit Committee are to oversee: (i) the audit of the financial statements of the Corporation provided to the SEC, the Corporation’s shareholders and to the general public; (ii) the Corporation’s internal financial and accounting controls and processes; and (iii) the independent audit process. The Audit Committee met a total of six times during the fiscal year ended December 31, 2012. A copy of the Audit Committee Charter may be found on the Corporation’s website at <http://www.theubank.com/2705/mirror/united-bancshares.htm>.