

UNITED BANCSHARES INC/OH  
Form 11-K  
June 22, 2017

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

[X]

ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016.

OR

[ ]

TRANSITION REPORT PURSUANT TO SECTION 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No: 333-106929

A.

Full title of the plan and the address of the plan, if different from that of the issuer named below:

**UNITED BANCSHARES, INC.**

**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**

B.

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

United Bancshares, Inc.

105 Progressive Drive



**REQUIRED INFORMATION**

(a)

United Bancshares, Inc. Restated Employee Stock Ownership Plan ( Plan ) is subject to the Employee Retirement Income Security Act of 1974 ( ERISA ). Therefore, in lieu of requirements of Items 1-3 of Form 11-K, the financial statements and supplemental schedule of the Plan for the fiscal years ended December 31, 2016 and 2015, which have been prepared in accordance with the financial reporting requirements of ERISA, are filed as a part of this Form 11-K report.

(b)

Exhibit

(23) Consent of Independent Registered Public Accounting Firm.

**SIGNATURES**

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED BANCSHARES, INC. RESTATED

EMPLOYEE STOCK OWNERSHIP PLAN

By: Plan Administrative Committee

          /s/ Heather M. Oatman          

June 22, 2017

Name:

Heather M. Oatman

Date

(on behalf of the Plan Trustees)

**United Bancshares, Inc.**  
**Restated Employee Stock Ownership Plan**

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**UNITED BANCSHARES, INC.**

**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**December 31, 2016 and 2015**

<b>ASSETS</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Investments:		
Participant-directed	\$ 13,802,272	\$ 11,482,652
Nonparticipant-directed	176,945	163,819
Total investments	13,979,217	11,646,471
Receivables:		
Employer contributions	72,595	63,425
Notes receivable from participants	282,384	244,274
Total receivables	354,979	307,699
Total assets	14,334,196	11,954,170
<b>LIABILITY</b> Accrued administrative expenses	0	12,441
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 14,334,196</b>	<b>\$ 11,941,729</b>

The accompanying notes are an integral part of the financial statements.

## UNITED BANCSHARES, INC.

## RESTATED EMPLOYEE STOCK OWNERSHIP PLAN

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ADDITIONS TO NET ASSETS AVAILABLE FOR BENEFITS</b>		
Investment income:		
Net appreciation in fair value of investments	\$ 1,351,759	\$ 919,942
Interest and dividends, including dividends from United Bancshares, Inc. common stock of \$144,064 in 2016 and \$115,496 in 2015	331,756	417,046
Net investment income	1,683,515	1,336,988
Interest income from notes receivable from participants	10,831	9,677
Contributions:		
Employer	634,529	615,447
Participants, including rollover contributions of \$15,142 in 2016 and \$70,847 in 2015	570,273	606,929
Total contributions	1,204,802	1,222,376
Total additions	2,899,148	2,569,041
<b>DEDUCTIONS FROM NET ASSETS AVAILABLE FOR BENEFITS</b>		
Benefits paid to participants or their beneficiaries	469,125	1,334,511
Administrative expenses	37,556	57,761
Total deductions	506,681	1,392,272
Net increase	2,392,467	1,176,769
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Beginning of year	11,941,729	10,764,960
End of year	\$ 14,334,196	\$ 11,941,729

The accompanying notes are an integral part of the financial statements.

**UNITED BANCSHARES, INC.**  
**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies followed in preparing the financial statements of United Bancshares, Inc. Restated Employee Stock Ownership Plan (the Plan ) are presented below.

**Basis of Presentation**

The accompanying financial statements of the Plan are prepared using the accrual method of accounting. Such financial statements present the net assets available for benefits and changes in such net assets.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value

measurements.

The net appreciation in fair value of investments includes reinvested capital gain distributions earned on mutual funds during the year, as well as the net appreciation in fair value of investments purchased, sold and held during the year. Purchases and sales of investments are recorded on a trade-date basis.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.





**UNITED BANCSHARES, INC.**  
**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes Receivable from Participants**

Notes receivable from participants are uncollateralized obligations and are stated at the amount of unpaid principal balance plus any accrued but unpaid interest. Payments of notes receivable from participants are applied to the specific accounts comprising the balance.

Delinquent notes receivable from participants are recorded as distributions based on the terms of the Plan agreement.

**Payment of Benefits**

Benefit payments to participants or their beneficiaries are recorded upon payment.

**Administrative Expenses**

Administrative expenses primarily consist of notes receivable processing, custodian, and third-party administration fees. Substantially all other costs, including internal costs of administering the Plan are paid directly by the Plan's sponsor, United Bancshares, Inc. ( United ) and its subsidiary, The Union Bank Company (the Bank ).

**Subsequent Events**

Management evaluated subsequent events through June 22, 2017, the date the financial statements were issued. Events or transactions occurring after December 31, 2016, but prior to June 22, 2017 that provided additional evidence about conditions that existed at December 31, 2016, have been recognized in the financial statements for the year ended December 31, 2016. Events or transactions that provided evidence about conditions that did not exist at December 31, 2016 but arose before the financial statements were issued, have not been recognized in the financial statements for the year ended December 31, 2016.

**NOTE 2 - DESCRIPTION OF PLAN**

The following description of the Plan provides only general information. Participants should refer to the Plan agreement and Summary Plan Description for a more complete description of the Plan's provisions.

**General**

The Plan, as amended and restated, was established effective September 21, 2004 for the purpose of providing benefits to the employees of United and its subsidiary. The Plan has been established as an employee stock ownership plan, as defined in Section 4975(e)(7) of the Internal Revenue Code.



**UNITED BANCSHARES, INC.**  
**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 - DESCRIPTION OF PLAN (CONTINUED)**

All non-collective bargaining unit employees of United and its subsidiary that have attained age 18 and are expected to complete 1,000 hours of service during a 12-month period are eligible to participate in the Plan. Participants may enter the Plan on the first day of each calendar quarter.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Funding Policy**

Plan participants may elect to defer and contribute not less than 1% nor more than 50% of their annual compensation, as defined in the Plan, subject to certain limitations as specified in the Internal Revenue Code.

The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 6% of eligible compensation, until changed by the participant.

United and the Bank have agreed to make discretionary matching contributions to the Plan, based on participant deferral contributions, as well as discretionary profit sharing contributions based on annual compensation. For the years ended December 31, 2016 and 2015, the matching contribution was 100% of each participant's deferral contribution, limited to 6% of annual compensation, amounting to \$403,996 and \$388,973, respectively.

The Plan has adopted safe harbor provisions with respect to profit sharing contributions. Under the safe harbor provisions, profit sharing contributions are discretionary, but must be at least 3% of annual compensation. Participants are vested in profit sharing contributions made under the safe harbor provisions upon completion of two years of credited service.

The discretionary profit sharing contribution, as approved by the Boards of Directors of United and the Bank, was 3% of annual compensation for the years ended December 31, 2016 and 2015 and amounted to \$230,533 and \$226,474, respectively.

The Plan accepts rollover contributions from other qualified plans in the form of cash or United common stock.

### **Investment Options**

Participants direct the investment of salary deferral contributions in their individual account to various investment funds which have been approved by the plan administrator. The Plan presently offers various mutual funds and United common stock as investment options for plan participants.

Through December 31, 2006, United and the Bank elected that all matching and profit sharing contributions be invested in United common stock in lieu of cash or other investments. Effective January 1, 2007, participants of the Plan have certain securities diversification rights with respect

**UNITED BANCSHARES, INC.**

**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**NOTE 2 - DESCRIPTION OF PLAN (CONTINUED)**

**Investment Options, Continued**

to that portion of their individual accounts invested in United common stock. Participants who are fully-vested in the Plan may also direct the manner in which employer contributions, made subsequent to January 1, 2007, are invested. Participants may continue to divest their accounts of any United common stock attributable to elective deferral and rollover contributions.

**Participant Accounts**

Separate individual accounts have been established for each participant. The balance of the accounts consist of participant deferral contributions, as well as any rollover contributions, and matching and profit sharing contributions made by United and the Bank, including investment earnings or losses thereon.

Shares of United common stock are allocated to participants based on employee deferral contributions as well as the respective matching and profit sharing contribution made on their behalf by United and the Bank, taking into consideration the average purchase price of United's common stock during the period. Shares are generally acquired by the Plan with the proceeds from quarterly cash dividends, unless the participant elects to take the dividend in cash as a distribution. Shares acquired with the proceeds of cash dividends are also allocated to participants (other than those electing to receive cash dividends) ratably based on shares owned at the record date of the dividend.

The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

**Vesting**

Participants are immediately vested in any deferral or rollover contributions made to the Plan, including earnings or losses thereon. Vesting in discretionary matching and profit sharing contributions made by United and the Bank, plus earnings or losses thereon, is based on years of credited service. Participants are fully vested upon completion of three years of credited service, except for profit sharing contributions made under the safe harbor provisions for which participants are fully vested upon completion of two years of credited service.

**Forfeited Accounts**

In the event a participant terminates prior to becoming fully vested, the unvested portion of the participant's matching and profit sharing contributions represents forfeitures upon distribution of the vested portion of the participant's account or upon completion of five consecutive 1-year breaks in service. Forfeitures are available to pay Plan administrative expenses and amounted to \$88,374 and \$23,319 as of December 31, 2016 and 2015, respectively.

**Payment of Benefits**

The normal retirement date is the date a participant reaches age 65. When a participant reaches the normal retirement date or reaches age 59-1/2, terminates employment with United or the Bank, becomes totally disabled or dies while participating in the Plan, they are entitled to receive the vested amount in their individual accounts.



**UNITED BANCSHARES, INC.**  
**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 2 - DESCRIPTION OF PLAN (CONTINUED)**

**Payment of Benefits, Continued**

If a participant dies before receiving all of the benefits in their accounts, the surviving spouse or designated beneficiary receives the remainder in the participant's accounts either as an annuity, a lump sum, or in the form of partial withdrawals provided the minimum withdrawal is \$1,000. The Plan also provides for distribution without the participant's consent between \$1,000 and \$5,000 to be rolled into an individual retirement account in the participant's name.

The Plan also provides for hardship withdrawals.

**Voting Rights**

The Trustees of the Plan are entitled to exercise voting rights attributable to shares of United common stock held by the Plan.

**Participant Loans**

Participants may borrow from their account a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is less. Loan terms may not extend beyond five years or the retirement of the individual participant. Loans are secured by the balance in the participant's accounts and generally bear interest at prime rate plus 1%. Principal and interest is paid ratably through payroll deductions. Loans which are more than 30 days delinquent

as to principal and interest are considered in default.

### **NOTE 3 - NONPARTICIPANT-DIRECTED INVESTMENTS**

Nonparticipant-directed investments at December 31, 2016 and 2015 consist of United common stock contributed by United and the Bank, not subject to diversification rights as described below.

The Plan implemented certain securities diversification rights, as more fully described in Note 2. As a result, participants who are fully-vested in the Plan may direct the manner in which all contributions made to their account are invested. Participant-directed investments, as reported in the accompanying statements of net assets available for benefits, reflects participants' rights to direct the investment of employer contributions as a result of the securities diversification rights.

The changes in nonparticipant-directed investments for the years ended December 31, 2016 and 2015 are principally due to appreciation in the fair value of United common stock and transfers to participant-directed investments as a result of the securities diversification rights. Such amounts, including employer contributions for non-vested participants, are not readily determinable.

**UNITED BANCSHARES, INC.**

**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**NOTE 4 - TERMINATION**

Although it has not expressed any intention to do so, United has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, participants become fully vested in their account balances.

**NOTE 5 - TAX STATUS**

The Internal Revenue Service has determined, in a determination letter dated September 19, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code and is, therefore, not subject to tax under current income tax law. The Plan has been amended since receiving the determination letter; however, the plan administrator believes that the Plan continues to qualify as a tax-exempt Plan.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

***Level 1***

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

***Level 2***

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

***Level 3***

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.



**UNITED BANCSHARES, INC.**  
**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2016 and 2015:

**Mutual Funds** Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**Common Stock of United Bancshares, Inc.** Valued at the latest closing price quoted on the NASDAQ Global Market.

**Money Market Account** Valued at cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan administrator believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's financial assets (there were no liabilities) at fair value as of December 31, 2016 and 2015:

<b><u>2016</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Mutual Funds	\$ 6,715,714	\$ -	\$ -	\$ 6,715,714
Common stock United Bancshares, Inc.	-	7,221,224	-	7,221,224
Money market account	-	42,279	-	42,279
<b>Total assets at fair value</b>	\$ 6,715,714	\$ 7,263,503	\$ -	\$ 13,979,217
<b><u>2015</u></b>				
Mutual Funds	\$ 5,686,407	\$ -	\$ -	\$ 5,686,407
Common stock United Bancshares, Inc.	-	5,922,108	-	5,922,108
Money market account	-	37,956	-	37,956
<b>Total assets at fair value</b>	\$ 5,686,407	\$ 5,960,064	\$ -	\$ 11,646,471

**UNITED BANCSHARES, INC.**

**RESTATED EMPLOYEE STOCK OWNERSHIP PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**NOTE 7 - RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

**NOTE 8 PARTY-IN-INTEREST TRANSACTIONS**

The Plan invests in United common stock and certain Plan investments are managed by TD Ameritrade Trust Company. TD Ameritrade Trust Company is the custodian as defined by the Plan and United Bancshares, Inc. is the Plan sponsor, and, therefore, the investment transactions qualify as party-in-interest transactions. The Plan has several arrangements with service providers. The Plan made a direct payment of \$37,556 and \$57,761 to these service providers for the years ended December 31, 2016 and 2015, respectively.

At December 31, 2016 and 2015, the Plan held 337,204 and 324,677 shares, respectively, of common stock of United Bancshares, Inc. with a fair value of \$7,221,224 and \$5,922,108, respectively. During the years ended December 31, 2016 and 2015, the Plan recorded dividend income from the common stock of United Bancshares, Inc. of \$144,064 and \$115,496, respectively.





**SUPPLEMENTAL INFORMATION**





## UNITED BANCSHARES, INC.

## RESTATED EMPLOYEE STOCK OWNERSHIP PLAN

FEIN: 34-1516518 PLAN 004

## SCHEDULE H, LINE 4(i)

## SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(a)	(b)	(c)	(d)	(e)
	<u>Identity of issue, borrower, lessor, or similar party</u>	<u>Description of investment, including maturity date, rate of interest, collateral, par, or maturity value</u>	<u>Cost</u>	<u>Current value</u>
*	United Bancshares, Inc. American Beacon Small Cap	Common stock, 337,204 shares	**	<u>\$ 7,221,224</u>
	Value Fund	Mutual fund, 19,946 units	**	551,099
	American Century Intrntl Growth Fund	Mutual fund, 24,982 units	**	264,808
	American Funds The Growth Fund of ddd America	Mutual fund, 22,562 units	**	947,602
	AMG Managers Cadence Mid Cap Instl	Mutual fund, 9,372 units	**	270,092
	Artisan Small Cap Fund	Mutual fund, 7,805 units	**	218,458
	Columbia Real Estate Equity Fund	Mutual fund, 5,484 units	**	84,453
	Deutsche Short Duration Fund	Mutual fund, 15,874 units	**	137,947
	Dodge and Cox Income Fund	Mutual fund, 14,022 units	**	190,557
	Dreyfus Balanced Opportunity Fund	Mutual fund, 43,491 units	**	934,617
	Federated Govt Obligations Fund Inv	Mutual fund, 130,536 units	**	130,536
	Hotchkis & Wiley Large Cap			
	Value Fund	Mutual fund, 20,573 units	**	588,597
	Oakmark Fund	Mutual fund, 4,211 units	**	305,220
	Oppenheimer Developing Markets			

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Fund	Mutual fund, 9,077 units	**	294,290
PIMCO Low Duration Fund	Mutual fund, 39,295 units	**	387,052
PIMCO Total Return Fund	Mutual fund, 55,493 units	**	556,592
Pioneer High Yield Fund	Mutual fund, 12,667 units	**	120,337
T. Rowe Price Growth Stock Fund	Mutual fund, 10,619 units	**	565,487
Vanguard Intermediate Term Treasury Fund	Mutual fund, 15,146 units	**	<u>167,970</u>
Total mutual funds			<u>6,715,714</u>
* TD Bank USA, N.A. Money Market Deposit Account	Money market account, 42,279 units	**	<u>42,279</u>
* Notes Receivable from Participant loans, with interest	Participants		<u>282,384</u>
at 4.25%, payable bi-weekly through November 2021			-
<b>TOTAL ASSETS (HELD AT END OF YEAR)</b>			<u>\$ 14,261,601</u>

\*

Party-in-interest

\*\*

All mutual funds, money market funds, participant loans, and a portion of common stock are participant-directed. The cost for participant-directed investments is not required to be reported. The total cost basis for United Bancshares, Inc. common stock is \$6,182,585. The cost basis for that portion of United Bancshares, Inc. common stock that is nonparticipant-directed is not determinable.

NOTE The number of shares/units for each mutual fund and money market fund are rounded to the nearest whole unit.



**EXHIBIT INDEX**

**Exhibit No.**

**Description**

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Consent of Independent Registered

Public Accounting Firm

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