

UNITED BANCSHARES INC/OH
Form 11-K
June 28, 2005

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, 2004.

OR

[]

TRANSITION REPORT PURSUANT TO SECTION 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No: 000-29283

A.

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

UNITED BANCSHARES, INC. ESOP

B.

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

United Bancshares, Inc.

100 South High Street

Columbus Grove, Ohio 45830

REQUIRED INFORMATION

(a)

United Bancshares, Inc. ESOP (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 schedules of the Plan for the fiscal year ended December 31, 2004, 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 Accountant.

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. ESOP

By: Plan Administrative Committee

/s/ Brian D. Young

Date: June 27, 2005

Brian D. Young

(on behalf of the Plan Trustees)

United Bancshares, Inc. ESOP

Financial Statements and Supplemental Schedules

PAGE

REPORT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

4

FINANCIAL STATEMENTS

Statements of Net Assets Available for Benefits

5

Statements of Changes in Net Assets Available for Benefits

6

Summary of Significant Accounting Policies

7

Notes to Financial Statements

8

SUPPLEMENTAL INFORMATION

11

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

12

Schedule H, Line 4(j) Schedule of Reportable Transactions

13

Report of Independent Registered Public Accounting Firm

The Trustees

United Bancshares, Inc. ESOP

Columbus Grove, Ohio

We have audited the accompanying statements of net assets available for benefits of United Bancshares, Inc. ESOP as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of United Bancshares, Inc. ESOP as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are presented fairly in all material respects, in relation to the basic financial statements taken as a whole.

/s/ CLIFTON GUNDERSON LLP

Toledo, Ohio

June 3, 2005

UNITED BANCSHARES, INC. ESOP
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
United Bancshares, Inc. common stock	\$4,399,628	\$3,840,105
Receivables:		
Employer contributions	102,166	-
Other	<u>1,844</u>	<u>-</u>
Total receivables	104,010	-
Cash	<u>16</u>	<u>13</u>
Total assets	4,503,654	3,840,118
LIABILITY		
Due to transfer agent - dividend received in error	<u>-</u>	<u>221</u>
NET ASSETS AVAILABLE FOR BENEFITS	\$4,503,654	\$3,839,897
	=====	=====

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

UNITED BANCSHARES, INC. ESOP
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ADDITIONS TO NET ASSETS AVAILABLE FOR BENEFITS		
Investment income:		
Net appreciation in United Bancshares, Inc. common stock	\$ 330,402	\$ 923,651
United Bancshares, Inc. common stock dividends	<u>103,856</u>	<u>96,040</u>
Total investment income	434,258	1,019,691
Employer contributions	<u>487,244</u>	<u>468,528</u>
Total additions	921,502	1,488,219
DEDUCTIONS FROM NET ASSETS AVAILABLE FOR BENEFITS		
Benefits paid to participants	<u>257,745</u>	<u>6,886</u>
Net increase	663,757	1,481,333
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>3,839,897</u>	<u>2,358,564</u>
End of year	\$4,503,654	\$3,839,897
	=====	=====

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

UNITED BANCSHARES, INC. ESOP
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

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

BASIS OF PRESENTATION

The accompanying financial statements of the Plan are prepared under 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's assets are invested in United Bancshares, Inc. (United) common stock, which is stated at fair value. The fair value of United common stock is determined based on the latest closing price quoted on the NASDAQ over-the-counter bulletin board.

The net appreciation (depreciation) in fair value of United common stock includes stock purchased, sold and held during the year.

Purchases and sales of United common stock are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

PAYMENT OF BENEFITS

Benefit payments to participants are recorded upon payment.

ADMINISTRATIVE EXPENSES

All administrative expenses incurred in connection with the operation of the Plan are paid directly by the Plan's sponsor, United and its wholly-owned subsidiary.

This information is an integral part of the accompanying financial statements.

UNITED BANCSHARES, INC. ESOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 - DESCRIPTION OF PLAN

Prior to February 1, 2002, the Plan was known as the United Bancshares, Inc. Employee Stock Ownership Plan with 401(k) Provisions, and was commonly referred to as the KSOP. Effective February 1, 2002, the name of the KSOP was changed to United Bancshares, Inc. ESOP (Plan). The Plan was adopted from the prototype plan of HFG Pension Services, who served as the administrative manager until mid-2004.

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

Under the terms of the KSOP, participants could defer and contribute up to 15% of their annual compensation, as defined, subject to certain limitations as specified in the Internal Revenue Code. The KSOP offered mutual funds and United common stock as investment options for plan participants.

Subsequent to February 1, 2002, all Plan assets invested in mutual funds were liquidated and the proceeds were transferred to the United Bancshares, Inc. 401(k) Plan, a newly-created voluntary salary deferral plan. After the transfer, the only remaining investment asset of the Plan is United common stock.

The Plan is a non-contributory employee stock ownership plan which has been established for the benefit of employees of United and its subsidiary who have attained age 18 and completed 1,000 hours of service in any plan

year. Participants may enter the plan on the first day of the calendar quarter. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Funding Policy

United and its subsidiary have agreed to make discretionary matching contributions to the Plan, based on participant deferral contributions to the United Bancshares, Inc. 401(k) Plan, as well as discretionary profit sharing contributions based on annual compensation. For the years ended December 31, 2004 and 2003, the matching contribution was 50% of each participant's deferral contribution, limited to 3% of annual compensation, and amounted to \$146,587 and \$127,267, respectively. Since February 1, 2002, all participant deferral contributions are made to the United Bancshares, Inc. 401(k) Plan.

The discretionary profit sharing contribution, as approved by the Boards of Directors of United and its subsidiary, was 6% of annual compensation for the years ended December 31, 2004 and 2003 and amounted to \$340,657 and \$306,821, respectively. The Plan also recognized profit sharing contributions in 2003 of \$34,440 relating to contributions made prior to 2003 and reported as a liability at December 31, 2002. To participate in the Plan's discretionary profit sharing contribution, a participant must be employed with United and its subsidiary on the last day of the plan year, or must have completed 500 hours of service, died, become disabled, or reached normal retirement age during the plan year.

United and its subsidiary have elected that all matching and profit sharing contributions be invested in United common stock in lieu of cash or other investments. The Plan accepts rollover contributions from other qualified plans in the form of cash or United common stock.

UNITED BANCSHARES, INC. ESOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Participant Accounts

Separate individual accounts have been established for each participant of the Plan. The balance of such accounts consists of participant deferral contributions invested to purchase shares of United common stock prior to February 1, 2002, as well as rollover contributions, and matching and profit sharing contributions made by United and its subsidiary, including investment earnings or losses thereon.

United purchases shares of its common stock periodically throughout the year for the benefit of the Plan's participants. Such purchases are determined based on estimated matching and profit sharing contributions calculated on employee compensation throughout the year, as well as proceeds received from quarterly cash dividends on United common stock. Shares are allocated to participants based on the respective matching and profit sharing contribution made on their behalf by United and its subsidiary, taking into consideration the average purchase price of United's common stock during the year. Shares acquired by the Plan with the proceeds from quarterly cash dividends are also allocated to participants 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 accounts.

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 its subsidiary, plus earnings or losses thereon, is based on years of continuous service. Participants are fully vested upon completion of three 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 represent 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 allocated to all active participants based on relative compensation in the year in which the forfeiture becomes available for distribution. At December 31, 2004, there were 1,174 shares (fair value of \$20,645) from forfeitures which were allocated to eligible participants during the first quarter of 2005.

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 and its subsidiary, becomes totally disabled or dies while participating in the Plan, they are entitled to receive the vested amount in their individual accounts.

If a participant dies before receiving all of the benefits in their accounts, the surviving spouse or designated beneficiary will receive 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 hardship withdrawals.

UNITED BANCSHARES, INC. ESOP
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Voting Rights

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

Participant Loans

Participants may borrow from their separate individual accounts a minimum of \$1,000. Loans are considered a participant-directed investment. There were no loans outstanding as of or for the years ended December 31, 2004 and 2003.

NOTE 2 - ASSETS ALLOCATED TO WITHDRAWN PARTICIPANTS

The Plan had assets allocated to withdrawn Plan participants of \$275,347 at December 31, 2003 (none at December 31, 2004) which were due to withdrawn participants at year end, but disbursement of funds from the Plan was not made until 2004.

NOTE 3 - TERMINATION

Although United and its subsidiary have not expressed any intention to do so, they have 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 4 - FEDERAL INCOME TAXES

The Internal Revenue Service determined, in a letter dated August 7, 2001, that the prototype plan of HFG Pension Services is designed in accordance with applicable sections of the Internal Revenue Code. The plan administrator believes that the Plan continues to qualify as a tax-exempt plan.

NOTE 5 - MERGER OF PLAN

On January 27, 2004, the Board of Directors of United approved the establishing of the United Bancshares, Inc. Restated ESOP (Restated ESOP) effective February 1, 2004. The Board also approved on January 27, 2004, the merging of the Plan and the United Bancshares, Inc. 401(k) Plan into the Restated ESOP on or before March 31, 2004.

The Trustees of the Plan subsequently replaced the administrative manager and the new administrative manager recommended various revisions to the Restated ESOP plan document, principally for regulatory compliance purposes. Consequently, the Restated ESOP was resubmitted to the Board of Directors of United who adopted the Restated ESOP, as amended, effective September 21, 2004. Due to the delay in revising and adopting the amended Restated ESOP, the assets of the Plan and the United Bancshares, Inc. 401(k) Plan were not merged until February 1, 2005.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

UNITED BANCSHARES, INC. ESOP

FEIN: 34-1516518 PLAN 002

SCHEDULE H, Line 4(i)

SCHEDULES OF ASSETS (HELD AT END OF YEAR)

December 31, 2004

<u>Shares</u>	<u>Description</u>	<u>Cost</u>	<u>Fair value</u>
250,121	*Common stock - United Bancshares, Inc.	\$2,651,394	\$4,399,628
		=====	=====

* Party-in-interest

UNITED BANCSHARES, INC. ESOP

FEIN: 34-1516518 PLAN 002

SCHEDULE H, Line 4(j)

SCHEDULE OF REPORTABLE TRANSACTIONS

Year Ended December 31, 2004

Number		Number	Purchase		Proceeds	Gain
of		of	price		from sale	on sale
shares	Security description	Transactions	Cost			
	*Common Stock					
	United Bancshares, Inc.					
30,512	Purchases	15	\$488,937	\$ -	\$ -	\$ -
3,122	Sales	2	-	31,062	49,026	17,964

* Party-in-interest.

Note:

The purchase price and selling price represent the fair value of the security at the time of purchase or sale, respectively.

EXHIBITS INDEX

Exhibit No.	Description	Page No.
23	Consent of Independent Accountant	15

Exhibit 23

Consent of Independent Accountant

The Trustees

United Bancshares, Inc. ESOP

Columbus Grove, Ohio

We hereby consent to the incorporation by reference in the prospectus constituting part of the registration statement on Form S-8 for United Bancshares, Inc. ESOP of our report dated June 3, 2005, with respect to the financial statements and supplemental schedules of United Bancshares, Inc. ESOP as of and for the year ended December 31, 2004.

/s/ CLIFTON GUNDERSON LLP

Toledo, Ohio

June 27, 2005

15