

UNITED BANCSHARES INC/OH
Form 10-Q
July 31, 2013
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

Commission file number 000-29283

UNITED BANCSHARES, INC.

(Exact name of Registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

100 S. High Street, Columbus Grove, Ohio

(Address of principal executive offices)

34-1516518

(I.R.S. Employer Identification Number)

45830

(Zip Code)

(419) 659-2141

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of July 26, 2013:
3,447,051

This document contains 42 pages. The Exhibit Index is on page 36 immediately preceding the filed exhibits.

UNITED BANCSHARES, INC.

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PART 1 - FINANCIAL INFORMATION**ITEM 1 - FINANCIAL STATEMENTS****United Bancshares, Inc. and Subsidiaries**

Consolidated Balance Sheets (Unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
CASH AND CASH EQUIVALENTS		
Cash and due from banks	\$7,765,680	\$10,605,662
Interest-bearing deposits in other banks	23,566,848	39,306,145
Total cash and cash equivalents	31,332,528	49,911,807
SECURITIES, available-for-sale	185,518,833	177,607,765
FEDERAL HOME LOAN BANK STOCK, at cost	4,893,800	4,893,800
CERTIFICATES OF DEPOSIT	2,490,000	2,490,000
LOANS HELD FOR SALE	878,250	2,957,060
LOANS	300,486,049	304,445,298
Less allowance for loan losses	(5,408,065)	(6,917,605)
Net loans	295,077,984	297,527,693
PREMISES AND EQUIPMENT, net	9,180,818	9,217,876
GOODWILL	8,554,979	8,554,979
CASH SURRENDER VALUE OF LIFE INSURANCE	13,972,080	13,761,183
OTHER REAL ESTATE OWNED	837,954	1,568,000
OTHER ASSETS, including accrued interest and intangible assets	4,756,379	3,957,465
TOTAL ASSETS	\$557,493,605	\$572,447,628
		\$572,447,628
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Non-interest bearing	\$67,926,190	\$77,924,051
Interest bearing	392,848,305	393,275,063

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Total deposits	460,774,495	471,199,114
Other borrowings	21,389,940	22,557,220
Junior subordinated deferrable interest debentures	10,300,000	10,300,000
Accrued expenses and other liabilities	2,803,592	4,221,089
Total liabilities	495,268,027	508,277,423
SHAREHOLDERS' EQUITY		
Common stock, \$1.00 stated value. Authorized 10,000,000 shares; issued 3,760,557 shares	3,760,557	3,760,557
Surplus	14,662,845	14,661,664
Retained earnings	48,955,622	46,855,865
Accumulated other comprehensive income (loss)	(354,945)	3,697,363
Treasury stock 313,811 shares at June 30, 2013 and 314,252 shares at December 31, 2012, at cost	(4,798,501)	(4,805,244)
Total shareholders' equity	62,225,578	64,170,205
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$557,493,605	\$572,447,628

See notes to consolidated financial statements.

United Bancshares, Inc. and Subsidiary

Condensed Consolidated Statements of Income (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
INTEREST INCOME				
Loans, including fees	\$ 3,764,689	\$ 4,472,614	\$ 7,485,640	\$ 9,146,166
Securities:				
Taxable	599,885	675,779	1,177,008	1,330,828
Tax-exempt	452,214	447,797	905,175	904,909
Other	85,414	85,800	168,738	176,847
Total interest income	4,902,202	5,681,990	9,736,561	11,558,750
INTEREST EXPENSE				
Deposits	540,091	892,771	1,083,501	1,989,032
Other borrowings	276,071	367,396	549,277	731,263
Total interest expense	816,162	1,260,167	1,632,778	2,720,295
NET INTEREST INCOME	4,086,040	4,421,823	8,103,783	8,838,455
Provision for loan losses	-	-	-	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,086,040	4,421,823	8,103,783	8,838,455
NON-INTEREST INCOME				
Gain on sales of loans	296,330	284,984	514,235	540,512
Gain on sales of securities	5,527	239,190	134,747	240,396
Change in fair value of mortgage servicing rights	261,359	(100,337)	317,789	11,797
Other	738,327	679,179	1,460,021	1,364,755
Total non-interest income	1,301,543	1,103,016	2,426,792	2,157,460
NON-INTEREST EXPENSES	3,624,776	3,972,961	7,391,144	8,208,223
INCOME BEFORE INCOME TAXES	1,762,807	1,551,878	3,139,431	2,787,692
Provision for income taxes	416,000	349,000	695,000	582,000
NET INCOME	\$ 1,346,807	\$ 1,202,878	\$ 2,444,431	\$ 2,205,692
NET INCOME PER SHARE				
Basic	\$ 0.39	\$ 0.35	\$ 0.71	\$ 0.64
Weighted average common shares outstanding	3,446,746	3,445,993	3,446,731	3,445,977
Diluted	\$ 0.39	\$ 0.35	\$ 0.71	\$ 0.64
	3,446,746	3,445,993	3,446,731	3,445,977

Weighted average common shares
outstanding

See notes to consolidated financial statements.

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United Bancshares, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three months ended June 30, 2013		Six months ended June 30, 2013	
	2012	2012	2012	2012
NET INCOME	\$1,346,807	\$1,202,878	\$2,444,431	\$2,205,692
OTHER COMPREHENSIVE LOSS				
Unrealized gains (losses) on securities:				
Unrealized holding gains (losses) during period	(4,950,030)	187,213	(6,005,113)	179,729
Reclassification adjustments for gains included in net income	(5,527)	(239,190)	(134,747)	(240,396)
Other comprehensive loss, before income taxes	(4,955,557)	(51,977)	(6,139,860)	(60,667)
Income tax expense related to items of other comprehensive loss	1,684,889	17,672	2,087,552	20,627
Other comprehensive loss	(3,270,668)	(34,305)	(4,052,308)	(40,040)
COMPREHENSIVE INCOME (LOSS)	\$(1,923,861)	\$1,168,573	\$(1,607,877)	\$2,165,652

See notes to consolidated financial statements.

United Bancshares, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity (Unaudited)

Six months ended June 30, 2013 and 2012

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE AT DECEMBER 31, 2012	\$3,760,557	\$14,661,664	\$46,855,865	\$ 3,697,363	\$(4,805,244)	\$64,170,205
Net income			2,444,431			2,444,431
Other comprehensive loss				(4,052,308)		(4,052,308)
Dividends declared (\$0.10 per share)			(344,674)			(344,674)
441 shares issued from treasury in connection with the Corporation's Employee Stock Purchase Plan		1,181			6,743	7,924
BALANCE AT JUNE 30, 2013	\$3,760,557	\$14,662,845	\$48,955,622	\$(354,945)	\$(4,798,501)	\$62,225,578
BALANCE AT DECEMBER 31, 2011	\$3,760,557	\$14,660,579	\$42,543,363	\$ 3,598,031	\$(4,814,816)	\$59,747,714
Net income			2,205,692			2,205,692
Other comprehensive loss				(40,040)		(40,040)
314 shares issued from treasury in connection with the Corporation's Employee Stock Purchase Plan		446			4,801	5,247
BALANCE AT JUNE 30, 2012	\$3,760,557	\$14,661,025	\$44,749,055	\$ 3,557,991	\$(4,810,015)	\$61,918,613

See notes to consolidated financial statements.

United Bancshares, Inc. and Subsidiaries

Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months ended June 30,	
	2013	2012
Cash flows from operating activities	\$4,799,919	\$4,068,507
Cash flows from investing activities:		
Proceeds from calls or maturities of securities	22,482,111	23,230,429