

# **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF UNITED BANCSHARES, INC.**

## **PURPOSE**

The Compensation Committee of the Board of Directors (the “Board”) of United Bancshares, Inc. (the “Company”) will review and provide recommendations for the Board’s final approval regarding all forms of compensation to be provided to the executive officers of the Company. The Compensation Committee also has authority to review and provide recommendations to the Board based on management recommendations regarding all forms of compensation and benefits to be provided to the directors of the Company. The Compensation Committee shall have the authority to undertake the specific responsibilities listed below and shall have the authority to undertake such other specific responsibilities as the Board from time to time may prescribe.

## **COMPOSITION**

The Compensation Committee shall consist of a minimum of three independent members of the Board, each of whom shall be appointed by the Board. The Board shall make a determination, after reviewing all relevant factors, including, but not limited to, the director’s compensation and the source thereof and his or her affiliation with the Company or its subsidiary, that each member of the Compensation Committee is free of any relationship, which, in the opinion of the Board, may interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director of the Company. Accordingly, each Compensation Committee member must:

- qualify as an “independent director” under the applicable rules of The NASDAQ Stock Market LLC (“NASDAQ”), as amended;
- be a “non-employee director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
- satisfy such other requirements under such other statutes, rules and regulations as the Board determines are appropriate.

## **RESPONSIBILITY**

The Compensation Committee shall be responsible to develop and propose to the Board plans for equity-based compensation, performance goals and incentive awards, and the overall coverage and composition of the compensation package for the Company’s Chief Executive Officer and other executive officers, as applicable, as well as to consider and recommend to the Board appropriate compensation for directors which may include the following:

1. Developing and implementing a compensation philosophy for executive officers of the Company that strengthens the relationship between pay levels and corporate performance and returns to shareholders.
2. Reviewing and approving corporate and individual goals and objectives relevant to the compensation of the Company’s executive officers, evaluating such officers’ performance in light of those goals and objectives and determining such officers’ compensation based on this evaluation.
3. Reviewing with Company management and proposing to the Board, for the Board’s final approval, all forms of compensation to be provided to the executive officers.
4. Reviewing and discussing management succession and development activities no less frequently than annually.
5. Evaluating the performance of the Company’s Chief Executive Officer and other executive officers in light of the Company’s current business environment and the Company’s strategic objectives.

6. Evaluating the need for and provisions of employment contracts, including severance arrangements and change in control arrangements, for the Company's Chief Executive Officer and other executive officers of the Company.
7. Recommending to the Board the compensation and benefits for directors (including committee and committee chair's fees, equity-based compensation grants and other similar items as appropriate).
8. Recommending any award as may be required to comply with applicable provisions of the Code and the regulations promulgated thereunder.
9. Reviewing and reassessing this Charter at least annually and submitting any suggested changes to the Board for approval.
10. Complying with such other rules and regulations relating to the foregoing as may be applicable.

## **AUTHORITY**

The Compensation Committee may from time to time engage advisors and consultants, including attorneys and accountants, and may seek advice from the Company's Corporate Counsel as deemed necessary. The Compensation Committee shall have sole authority to retain and terminate any compensation consulting firm, including sole authority to approve the firm's fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Compensation Committee, for payment of compensation to any consulting firm or other advisors retained by the Compensation Committee. The Compensation Committee shall evaluate potential conflicts of interest and the independence of any compensation consultants, legal counsel (other than in-house legal counsel) and other compensation advisers retained. In doing so, the Compensation Committee shall consider the independence factors listed in Rule 10C- 1(b)(4)(i) through (vi) promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and under the NASDAQ listing rule 5605(d), as amended.

## **MEETINGS AND REPORTS**

The Compensation Committee shall hold regular meetings at least two times each year generally in conjunction with the regularly scheduled meetings of the Board, and such special meetings as any member of the Compensation Committee may direct. The Board shall appoint a member of the committee as the chairperson. All members of the Compensation Committee are expected to attend each meeting, in person or via teleconference or other means of electronic communications permitted under applicable law and the Company's Articles of Incorporation and Code of Regulations. The Compensation Committee shall maintain written minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board.

The Compensation Committee may act by a majority of its members at a meeting or without a meeting if all members consent to the action in writing or by any means of electronic transmission permitted under applicable law. At each regularly scheduled meeting of the Board, the Chair of the Compensation Committee shall provide the Board with a report of the Committee's activities and proceedings or the full minutes from the Compensation Committee meetings may be used in lieu of a report.

The Compensation Committee may have in attendance at its meetings such members of management or human resources, compensation consultants or others as the Compensation Committee may deem necessary or desirable to provide the information the Compensation Committee needs to carry out its responsibilities. Notwithstanding the foregoing, recommendations for the compensation of the Company's Chief Executive Officer and all other executive officers must be determined by the Compensation Committee through deliberations and voting in executive session.

## **GOOD FAITH RELIANCE**

In performing their responsibilities, Compensation Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Company whom the Compensation Committee members reasonably believe to be reliable and competent in the matters prepared or presented;
- Counsel, compensation consultants or other persons as to matters which the Compensation Committee members reasonably believe to be within the professional or expert competence of such persons; and
- Another committee of the Board, upon which the Compensation Committee members do not serve, as to matters within such other committee's designated authority, which committee the Compensation Committee members reasonably believe to merit confidence.

Approved by the Board of Directors February 2019.