

UNITED BANCSHARES, INC.
Audit Committee Charter

PURPOSE

The Audit Committee (“Committee”) of the Board of Directors (“Board”) of United Bancshares, Inc. (“Company”) will assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Company’s process for monitoring compliance with laws and regulations and the code of conduct.

COMPOSITION

The Committee will be comprised of at least three directors as determined by the Board. The members of the Committee will meet the independence and experience requirements of applicable NASDAQ Stock Market, LLC (“NASDAQ”) and Securities and Exchange Commission (“SEC”) rules and regulations. Each member shall be able to read and understand fundamental financial statements at the time of his or her appointment, in accordance with NASDAQ National Market Audit Committee requirements. At least one member of the Audit Committee shall be designated an “audit committee financial expert” as defined by and in accordance with the rules and regulations of the SEC. The members of the Committee will be elected annually at the organizational meeting of the full Board held on the date of the annual meeting of shareholders and will be listed in the annual report to shareholders. One of the members of the Committee will be elected Committee Chair by the Board.

RESPONSIBILITY

The Committee is a part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the financial statements and other financial information to be provided to shareholders and the SEC; (ii) compliance with legal and regulatory requirements; (iii) the system of internal controls that management has established; (iv) the performance of the Company’s internal audit function and the external audit process; and (v) the auditing, accounting, and financial reporting process generally. In addition, the Committee provides an avenue for communication between the independent auditor, financial management and the Board. The Committee should have a clear understanding with the independent auditor and internal auditor that they must maintain an open and transparent relationship with the Committee. The Committee is directly responsible for the appointment, compensation and oversight of the independent auditor engaged to prepare or issue an audit report on the financial statements of the Company. The independent auditor shall report directly to the Committee. The Committee will make regular reports to the Board concerning its activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of management, internal audit, and the independent auditor.

AUTHORITY

The Committee has the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. The Committee has the authority to retain and determine the funding for external professionals, including independent counsel and auditor, to render advice and counsel and assist in any investigation and performance of its functions at the Company's expense. The Committee has the authority to resolve any disagreements between management and the auditor regarding financial reporting. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a Committee meeting or to meet with any members of or advisors to the Committee. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

MEETINGS

The Committee is to meet at least four times annually and as many additional times as the Committee deems necessary. Content of the agenda for each meeting should be cleared by the Committee Chair. The Committee is to meet periodically in separate executive sessions with the management, the internal auditors and the independent auditors. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

ATTENDANCE

Committee members will strive to be present at all meetings. As necessary or desirable, the Committee Chair may request that members of management, employees of the Company or representatives of the Company's outside counsel or independent auditor be present at Committee meetings.

SPECIFIC DUTIES

In carrying out its oversight responsibilities, the Committee will:

1. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. This should be done in compliance with applicable NASDAQ Audit Committee Requirements.

Financial Statements and Relationship with the Independent Auditor

2. Approve the selection, retention or termination of the Company's independent auditor.
3. Pre-approve all audits and permitted non-audit services to be performed by the independent auditor and establish policies and procedures for the engagement of the independent auditor to provide the permitted non-audit services, with exceptions provided for de minimis amounts under certain circumstances in accordance with the rules and regulations of the SEC and NASDAQ.
4. Review and discuss with the Company's management and independent auditor the Company's: (a) the adequacy and effectiveness of the company's internal control over financial reporting, including any significant deficiencies and significant changes in internal control over financial reporting reported to the Committee by the independent auditor or management; (b) the Company's internal audit procedures; and (c) the adequacy and effectiveness of the Company's disclosure controls and procedures, and management reports thereon.

5. Inquire as to the independence of the independent auditor, including whether the provision by the independent auditor of permitted non-audit services is compatible with independence, and obtain from the independent auditor, at least annually, a formal written statement delineating all relationships between the independent auditor and the Company.
6. Obtain from the independent auditor assurance that they will inform Company management concerning any information indicating that an illegal act has or may have occurred that could have a material effect on the Company's financial statements, and assure that such information has been conveyed to the Committee.

Financial Statement and Disclosure Matters

7. Review with the Company's management and independent auditor significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements. Discuss with the independent auditor their judgments about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.
8. Review the scope and general extent of the independent auditor's annual audit. The Committee's review should include an explanation from the independent auditor of the factors considered by the auditor in determining the audit scope, including the major risk factors. The independent auditor should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures. The Committee will determine and approve the fee arrangement with the independent auditor. The Committee will have a predetermined arrangement with the independent auditor that they will advise the Committee through its Chair and management of the Company of any matters identified through procedures followed for interim quarterly financial statements, and that such notification is to be made prior to filing Forms 10-Q.
9. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices proposed by management.
10. At the completion of the annual audit, review with management and the independent auditor the following:
 - The annual financial statements and related footnotes and financial information to be included in the Company's annual report to shareholders and on Form 10-K, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
 - Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
 - Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit.
 - i. Inquire about the cooperation received by the independent auditor during their audit, including access to all requested records, data and information.

- ii. Inquire of the independent auditor whether there have been any disagreements with management which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Company's financial statements.
- Other communications as required to be communicated by the independent auditor relating to the conduct of the audit.

If deemed appropriate after such review and discussion, recommend to the Board that the financial statements be included in the Company's annual report on Form 10-K.

11. After preparation by management and review by the independent auditor, approve the report required under SEC rules to be included in the Company's annual proxy statement. The charter is to be published on the Company's website and a reference to the location of the charter shall be made in accordance with the regulatory filing requirements.
12. Discuss with the independent auditor the quality of the Company's financial and accounting personnel. Also, elicit the comments of management regarding the responsiveness of the independent auditor to the Company's needs.
13. Meet with management and the independent auditor to discuss any recommendations that the independent auditor may have, particularly those characterized as 'material' or 'serious'. Typically, such recommendations will be presented by the independent auditor in the form of a Letter of Comments and Recommendations to the Committee. The Committee should review responses of management to the Letter of Comments and Recommendations from the independent auditor and receive follow-up reports on action taken concerning the aforementioned recommendations.
14. Review and pre-approve related-party transactions in accordance with the rules and regulations of the NASDAQ.
15. Generally, as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the Company's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements or on the Company's contingent liabilities and risks.
16. As the Committee may deem appropriate, obtain, weigh and consider expert advice as to Audit Committee related rules of the NASDAQ, Statements on Auditing Standards and other accounting, legal and regulatory provisions.

Oversight of the Company's Internal Audit Function

17. Approve the internal audit charter.
18. Review with management and the Internal Auditor/Risk Officer the charter, activities, staffing, and organizational structure of the internal audit function.
19. Have final authority to review and approve the annual audit plan and all major changes to the plan.

20. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor/Risk Officer.
21. At least once per year, review the performance of the Internal Auditor/Risk Officer and concur with the annual compensation and salary adjustment.
22. Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics, and the *International Standards for Professional Practice of Internal Auditing*.
23. On a regular basis, meet separately with the Internal Auditor/Risk Officer to discuss any matters that the Committee or internal audit believes should be discussed privately.

Compliance Oversight Responsibilities

24. The Committee shall discuss with management, the internal auditor, and the independent auditor the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures with respect to risk management and risk assessment. The Committee shall review the compliance, loan review and internal risk reports addressing legal and regulatory compliance and current and potential litigation risk within the Corporation. The Committee shall review the periodic examinations made by regulatory authorities and any replies required in connection with the examinations.
25. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
26. The Committee shall receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.
27. The Committee shall investigate any reported known or suspected violations by Senior Executives and Financial Managers of the Code of Conduct and the Company-wide Code of Ethics where required, and shall oversee an appropriate response, corrective action and preventive measures for both. The Committee shall review any proposed amendments or waivers for Senior Executives and Financial Managers to the codes and shall make a recommendation to the full Board of Directors for appropriate action, which will be subject to public disclosure as required by regulations of the Commission and the Exchange's listing standards.
28. Periodically, the Committee shall meet separately with management, the internal auditor and the independent auditor to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the internal auditor and the independent auditor to meet privately with the members of the Committee. The Committee may also meet periodically by itself to discuss matters it determines require private Committee or Board of Directors attention.

29. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

Approved by Audit Committee 12/18/2018 & Board of Directors 01/15/2019