UNITED BANCSHARES INC/OH
Form 10-Q
July 28, 2008

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, 2008

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 _X_ 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 __X____ _

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

Yes ____ No _X

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of July 18, 2008: 3,441,663

This document contains 29 pages. The Exhibit Index is on page 23 immediately preceding the filed exhibits.

1

UNITED BANCSHARES, INC.

Table of Contents

PART 1 - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

United Bancshares, Inc. and Subsidiary

Consolidated Balance Sheets (Unaudited)

	June 30, 2008	December 31, 2007
ASSETS		
CASH AND CASH EQUIVALENTS		
Cash and due from banks	$ 9,343,300	$ 11,627,842
Interest-bearing deposits in other banks	23,511,200	3,290,372
Federal funds sold	10,150,000	161,000
Total cash and cash equivalents	43,004,500	15,079,214
SECURITIES, available-for-sale	124,257,888	137,904,385
FEDERAL HOME LOAN BANK STOCK, at cost	4,828,700	4,703,100
LOANS HELD FOR SALE	343,751	350,353
LOANS	417,338,044	359,209,925
Less allowance for loan losses	(2,512,983)	(2,232,708)
Net loans	414,825,061	356,977,217
PREMISES AND EQUIPMENT, net	7,749,116	7,902,911
GOODWILL	7,282,013	7,282,013
CASH SURRENDER VALUE OF LIFE INSURANCE	11,628,840	11,396,781
OTHER ASSETS, including accrued interest receivable and other intangible assets	7,425,154	6,378,816
TOTAL ASSETS	$ 621,345,023	$ 547,974,790
LIABILITIES AND SHAREHOLDERS' EQUITY		

LIABILITIES		
Deposits		
Non-interest bearing	$ 39,259,124	$ 41,333,497
Interest bearing	419,391,144	351,869,746
Total deposits	458,650,268	393,203,243
Other borrowings	98,586,906	91,887,907
Junior subordinated deferrable interest debentures	10,300,000	10,300,000
Accrued expenses and other liabilities	4,209,829	3,765,056
Total liabilities	571,747,003	499,156,206

SHAREHOLDERS' EQUITY		
Common stock, $1 stated value, authorized 10,000,000 shares;		
issued 3,760,557 shares	3,760,557	3,760,557
Surplus	14,659,661	14,659,661
Retained earnings	36,840,604	35,187,304
Accumulated other comprehensive loss	(732,523)	(576,065)
Treasury stock, 322,429 shares at June 30, 2008 and 271,152 shares at		
December 31, 2007, at cost	(4,930,279)	(4,212,873)
Total shareholders' equity	49,598,020	48,818,584
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 621,345,023	$ 547,974,790

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,	
	2008	2007	2008	2007
INTEREST INCOME				
Loans, including fees	$ 7,316,381	$ 6,802,114	$ 14,384,510	$ 13,276,257
Securities:				
Taxable	977,191	1,437,508	2,072,210	2,931,821
Tax-exempt	481,944	462,971	936,477	929,890
Other	116,870	96,984	164,473	126,998
Total interest income	8,892,386	8,799,577	17,557,670	17,264,966
INTEREST EXPENSE				
Deposits	2,795,316	3,013,057	5,722,834	5,827,055
Other borrowings	1,150,231	1,392,267	2,388,655	2,916,093
Total interest expense	3,945,547	4,405,324	8,111,489	8,743,148
NET INTEREST INCOME	4,946,839	4,394,253	9,446,181	8,521,818
PROVISION FOR LOAN LOSSES	370,000	75,000	645,000	225,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,576,839	4,319,253	8,801,181	8,296,818
NON-INTEREST INCOME				
Gain on sales of loans	152,216	83,244	245,696	160,791
Gain from sale of credit card portfolio	-	-	-	355,366
Gain (loss) on sales or writedown of securities	22,861	16,019	44,347	(223,945)
Change in fair value of mortgage servicing rights	373,503	217,220	122,241	150,075
Other	757,726	689,063	1,451,300	1,337,973
Total non-interest income	1,306,306	1,005,546	1,863,584	1,780,260
NON-INTEREST EXPENSES	3,549,380	3,408,279	7,182,688	6,969,259

Income before income taxes	2,333,765	1,916,513	3,482,077	3,107,819
PROVISION FOR INCOME TAXES	585,000	462,000	788,000	676,000
NET INCOME	$ 1,748,765	$ 1,454,513	$ 2,694,077	$ 2,431,819
	========	======	======	========
NET INCOME PER SHARE				
Basic	$ 0.51	$ 0.41	$ 0.78	$ 0.69
Weighted average common shares outstanding	3,439,996	3,528,764	3,453,609	3,541,782
Diluted	$ 0.51	$ 0.41	$ 0.78	$ 0.69
Weighted average common shares outstanding	3,441,382	3,530,740	3,455,070	3,543,961

See notes to consolidated financial statements

United Bancshares, Inc. and Subsidiary

Consolidated Statements of Shareholders Equity (Unaudited)

Six months ended June 30, 2008 and 2007

		Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss
BALANCE AT DECEMBER 31, 2007	$	3,760,557	14,659,661	35,187,304	(576,065)
Net income				2,694,077	
Change in unrealized loss on available-for-sale securities,					
net of income taxes					(156,458)
Total comprehensive income					
Dividends declared ($0.30 per share)				(1,032,188)	
3,723 shares issued from treasury in connection with the Corporation s Employee Stock Purchase Plan				(8,589)	
Purchase of 55,000 common shares					
BALANCE AT JUNE 30, 2008	$	3,760,557	14,659,661	36,840,604	(732,523)
BALANCE AT DECEMBER 31, 2006	$	3,760,557	14,659,661	32,072,536	(1,352,031)
Cumulative effect of change in accounting principle				519,152	
Net income				2,431,819	
Change in unrealized loss on available-for-sale securities,					
net of income taxes					(779,578)

Total comprehensive income					
Dividends declared ($0.28 per share)				(987,823)	
3,891 shares issued from treasury in connection with the					
Corporation s Employee Stock Purchase Plan				(5,769)	
Purchase of 49,000 common shares					
BALANCE AT JUNE 30, 2007	$	3,760,557	14,659,661	34,029,915	(2,131,609)

See notes to consolidated financial statements

6

United Bancshares, Inc. and Subsidiary

Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months ended June 30, 2008	2007
Cash flows from operating activities	$ 2,814,273	$ 2,166,216
Cash flows from investing activities:		
Proceeds from calls or maturities of available-for-sale securities, net of purchases	13,444,981	23,754,507
Proceeds from sale of premises and equipment		49,545
Net increase in loans	(58,604,786)	(4,705,949)
Expenditures for premises and equipment	(117,023)	(531,788)
Net cash from investing activities	(45,276,828)	18,566,315
Cash flows from financing activities:		
Net change in deposits	65,447,025	2,611,193
Long-term borrowings, net of repayments	6,698,999	(23,039,173)
Purchase of treasury shares	(775,250)	(794,550)
Proceeds from issuance of common stock	49,255	54,629
Cash dividends paid	(1,032,188)	(987,823)
Net cash from financing activities	70,387,841	(22,155,724)
Net change in cash and cash equivalents	27,925,286	(1,423,193)
Cash and cash equivalents:		
At beginning of period	15,079,214	12,310,619
At end of period	$ 43,004,500	$ 10,887,426

Cash paid for:

Interest	$	7,973,451	$	8,883,367
Income taxes	$	845,000	$	345,000

See notes to consolidated financial statements

United Bancshares, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2008

Note 1 Consolidated Financial Statements

The consolidated financial statements of United Bancshares, Inc. and subsidiary (the Corporation) have been prepared without audit and in the opinion of management reflect all adjustments (which include normal recurring adjustments) necessary to present fairly such information for the periods and dates indicated. Since the unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q, they do not contain all information and footnotes typically included in financial statements prepared in conformity with generally accepted accounting principles. Operating results for the six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. Complete audited consolidated financial statements with footnotes thereto are included in the Corporation s Annual Report on Form 10-K for the year ended December 31, 2007.

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, The Union Bank Company (Union). Effective February 1, 2007, Union formed a wholly-owned subsidiary, UBC Investments, Inc. (UBC) to hold and manage its securities portfolio. The operations of UBC are located in Wilmington, Delaware. Significant intercompany accounts and transactions have been eliminated in consolidation. The accounting and reporting policies of the Corporation conform to generally accepted practices within the banking industry. The Corporation considers all of its principal activities to be banking related.

Note 2 - New Accounting Pronouncements

On February 15, 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 159, The Fair Value Opinion for Financial Assets and Financial Liabilities (FAS 159). FAS 159 permits, but does not require, entities to measure selected financial assets and liabilities at fair value. Changes in fair value are recorded through the income statement in subsequent periods. The statement provides for a one time opportunity to transfer existing assets and liabilities to fair value at the point of adoption with a cumulative effect adjustment recorded against equity. After adoption, the election to report assets and liabilities at fair value must be made at the point of their inception. There was no impact on the consolidated financial statements of the Corporation as a result of the adoption of FAS 159 since the Corporation has not elected the fair value option for any eligible items, as defined in FAS 159.

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements (FAS 157) which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FAS

157 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than Level 1 prices, such as quoted process for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

On February 12, 2008, the FASB issued Staff Position 157-2 which defers the effective date of FAS 157 for certain non-financial assets and liabilities to fiscal years beginning after November 15, 2008. All other provisions of FAS 157 are effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

The Corporation adopted the provisions of FAS 157 for the quarter ended March 31, 2008 except for those non-financial assets and liabilities subject to deferral as a result of Staff Position 157-2. There was no impact on the consolidated financial statements of the Corporation as a result of the adoption of FAS 157.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities available for sale

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and mortgage products. If quoted market prices are not available, then fair values are estimated by using pricing models, quotes prices of securities with similar characteristics or discounted cash flows. Level 2 securities include mortgage-backed agency securities and obligations of states and political subdivisions. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Currently, all of the Corporation s securities are considered to be Level 2 securities and fair values are provided by a third party pricing provider.

Following is a description of the valuation methodologies used for instruments measured at fair value on a non-recurring basis and recognized in the accompany consolidated balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Impaired Loans

Loan impairment is reported when full payment under the loan terms is not expected. Impaired loans are carried at present value of estimated future cash flows using the loan s existing rate, or the fair value of collateral if the loan is collateral dependent. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. This valuation is considered Level 3 when consisting of appraisals of underlying collateral. Substantially all impaired loans are valued considering appraisals of underlying collateral.

During 2007, the FASB issued EITF 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsed Split-Dollar Life Insurance Arrangements (EITF 06-4), which concludes an employer should recognize a liability for postemployement benefits promised an employee based on the substantive arrangement between the employer and the employee. Effective January 1, 2008, the Corporation adopted EITF 06-4. Adoption of EITF 06-4 did not have a significant effect on the Corporation s consolidated financial statements.

During 2007, the FASB issued EITF 06-10, Accounting for Collateral Assignment Split-Dollar Life Insurance (EITF 06-10), which stipulates an employer should recognize a liability for the postretirement benefit related to a collateral assignment split-dollar life insurance arrangement if, based on the substantive arrangement with the employee, the employer has agreed to maintain life insurance during the employee s retirement or provide the employee with a death benefit. Under EITF 06-10, the employer should also recognize an asset based on the substance of the arrangement it has with the employee. Effective January 1, 2008, the Corporation adopted EITF 06-10. Adoption of EITF 06-10 did not have a significant effect on the Corporation s consolidated financial statements.

In March 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 156, Accounting for Servicing of Financial Assets, an Amendment of FASB Statement 140 (Statement 156). Statement 156 amends Statement 140 with respect to separately recognized servicing assets and liabilities. Statement 156 requires an entity to recognize a servicing asset or liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract and requires all servicing assets and liabilities to be initially measured at fair value, if practicable. Statement 156 also permits entities to subsequently measure servicing assets and liabilities using an amortization method or fair value measurement method. Under the amortization method, servicing assets and liabilities are amortized in proportion to and over the estimated period of servicing. Under the fair value measurement method, servicing assets are measured at fair value at each reporting date and changes in fair value are reported in net income for the period the change occurs.

Effective January 1, 2007, the Bank adopted Statement 156 and elected to record its mortgage servicing rights using the fair value measurement method. As a result, the Corporation recorded effective January 1, 2007, a cumulative effect adjustment (increase) to retained earnings of $519,152, representing the difference between fair value and carrying value of the mortgage servicing rights at January 1, 2007 ($786,594), net of deferred income taxes ($267,442).

Note 3 Sale of Credit Card Portfolio

Effective March 31, 2007, Union entered into an agreement to sell its credit card portfolio. Under the terms of the agreement, the buyer will service the credit card portfolio and provide Union s former credit card customers with credit cards branded with the Union name. Based on the purchase price, as defined in the agreement, Union recognized a gain on sale of the credit card portfolio for the quarter ended March 31, 2007 of $355,366 (approximately $235,000 net of tax, or $.07 basic earnings per share). Proceeds from the sale, approximating $1.7 million, were included in other assets in the March 31, 2007 consolidated balance sheet and were received on April 12, 2007.

Note 4 - Securities

The amortized cost and fair value of available-for-sale securities as of June 30, 2008 and December 31, 2007 are as follows (dollars in thousands):

	June 30, 2008		**December 31, 2007**	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
U.S. Treasury and Agencies	$ -	$ -	$ 13,211	$ 13,235
Obligations of states and political subdivisions	47,084	46,826	44,286	44,362
Mortgage-backed	78,282	77,430	81,278	80,305
Other	2	2	2	2
Total	$ 125,368	$ 124,258	$ 138,777	$ 137,904

A summary of gross unrealized gains and losses on available-for-sale securities at June 30, 2008 and December 31, 2007 follows (dollars in thousands):

	June 30, 2008		December 31, 2007	
	Gross unrealized **gains**	Gross unrealized **losses**	Gross unrealized **gains**	Gross unrealized **losses**
U.S. Treasury and Agencies	$ -	$ -	$ 28	$ 4
Obligations of states and political subdivisions	394	652	322	246
Mortgage-backed	295	1,147	102	1,075
Total	$ 689	$ 1,799	$ 452	$ 1,325

On April 17, 2007, Union s Board of Directors approved management s plan to restructure its balance sheet including selling approximately $15.5 million of available-for-sale securities, comprising approximately 9.0% of Union s total securities portfolio. The anticipated sale was expected to result in a loss of approximately $240,000. Consequently, management determined such securities to be other than temporarily impaired at March 31, 2007 and recognized an impairment loss for the quarter ended March 31, 2007 of $240,000 ($160,000 net of tax, or $.05 basic earnings per share). The securities were subsequently sold on June 21, 2007 at a loss of $223,981, resulting in a gain of $16,019 for the quarter ended June 30, 2007. Proceeds from the sale were used to repay Federal Home Loan Bank borrowings and fund loan growth.

Note 5 - Other Comprehensive Income

The components of other comprehensive income and related tax effects are as follows for the six-month periods ended June 30, 2008 and 2007 (dollars in thousands):

	2008	2007
Unrealized holding gains on available-for-sale securities	$ (193)	$ (1,406)
Reclassification adjustments for securities losses (gains) realized in income	(44)	224
Net unrealized gains	(237)	(1,182)
Tax effect	(81)	(402)
Net-of-tax amount	$ (156)	$ (780)
	=======	=======

Note 6 Junior Subordinated Deferrable Interest Debentures

The Corporation has formed and invested $300,000 in a business trust, United (OH) Statutory Trust (United Trust) which is not consolidated by the Corporation. United Trust issued $10,000,000 of trust preferred securities, which are guaranteed by the Corporation, and are subject to mandatory redemption upon payment of the debentures. United Trust used the proceeds from the issuance of the trust preferred securities, as well as the Corporation s capital investment, to purchase $10,300,000 of junior subordinated deferrable interest debentures issued by the Corporation. The debentures have a stated maturity date of March 26, 2033. As of March 26, 2008, and quarterly thereafter, the debentures may be shortened at the Corporation s option. The interest rate of the debentures was fixed at 6.40% for a five-year period through March 26, 2008. Effective March 27, 2008, interest is at a floating rate adjustable quarterly and equal to 315 basis points over the 3-month LIBOR amounting to 5.96% at June 30, 2008. Interest is payable quarterly. The Corporation has the right, subject to events in default, to defer payments of interest on the debentures by extending the interest payment period for a period not exceeding 20 consecutive quarterly periods. Interest expense on the debentures amounted to $307,000 and $320,000 for the six-month periods ended June 30, 2008 and 2007, respectively, and is included in interest expense-borrowings in the accompanying consolidated statements of income.

Each issue of the trust preferred securities carries an interest rate identical to that of the related debenture. The securities have been structured to qualify as Tier I capital for regulatory purposes and the dividends paid on such are tax deductible. However, under Federal Reserve Board guidelines, the securities cannot be used to constitute more than 25% of the Corporation s core tax Tier I capital inclusive of these securities.

Note 7 Commitments

Union has entered into a contract to purchase a facility in Shawnee Township, in Ohio, to be used for a new branch office. Union is also in the process of constructing a new branch office in Ottawa, Ohio to replace the former branch damaged by a flood in August 2007. The total cost of these projects, including renovation costs at the Shawnee Township facility, furnishings, and equipment is expected to be $2.1 million of which $354,000 has been expended as of June 30, 2008.

ITEM 2

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

SELECTED FINANCIAL DATA

The following data should be read in conjunction with the unaudited consolidated financial statements and management s discussion and analysis that follow:

	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2008	2007	2008	2007
SIGNIFICANT RATIOS (Unaudited)				
Net income to:				
Average assets (a)	1.12%	1.05%	0.93%	0.87%
Average shareholders equity (a)	14.06%	12.41%	10.87%	10.39%
Net interest margin (a)	3.71%	3.63%	3.66%	3.52%
Efficiency ratio (b)	54.59%	60.45%	60.91%	64.64%
Average shareholders equity to average assets	7.98%	8.49%	8.53%	8.41%
Loans to deposits (end of period) (c)	91.07%	89.38%	91.07%	89.38%
Allowance for loan losses to loans (end of period) (d)	0.60%	0.67%	0.60%	0.67%
Cash dividends to net income	29.49%	33.91%	38.31%	40.62%
Book value per share	$ 14.43	$ 13.23	$ 14.43	$ 13.23

(a) Net income to average assets, net income to average shareholders equity and net interest margin are presented on an annualized basis. Net interest margin is calculated using fully-tax equivalent net interest income as a percentage of average interest earning assets.

(b) Efficiency ratio is a ratio of non-interest expense as a percentage of fully tax equivalent net interest income plus non-interest income.

(c) Includes loans held for sale.

(d) Excludes loans held for sale.

Introduction

United Bancshares, Inc. (the Corporation), an Ohio corporation, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, and is subject to regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve Board). The Corporation was incorporated and organized in 1985. The executive offices of the Corporation are located at 100 S. High Street, Columbus Grove, Ohio 45830. The Corporation is a one-bank holding company, as that term is defined by the Federal Reserve Board.

The Union Bank Company (Union), a wholly-owned subsidiary of the Corporation, is engaged in the business of commercial banking. Union is an Ohio state-chartered bank, which serves Allen, Putnam, Sandusky, Van Wert and Wood counties, with office locations in Bowling Green, Columbus Grove, Delphos, Gibsonburg, Kalida, Leipsic, Lima, Ottawa, and Pemberville.

Union offers a full range of commercial banking services, including checking accounts, savings and money market accounts, time certificates of deposit, automatic teller machines, commercial, consumer, agricultural, residential mortgage loans and home equity loans, credit card services, safe deposit box rentals, and other personalized banking services. Effective February 1, 2007, Union formed UBC Investments, Inc. (UBC) to hold and manage its securities portfolio. The operations of UBC are located in Wilmington, Delaware.

When or if used in the Corporation s Securities and Exchange Commission filings or other public or shareholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases: anticipate, would be, will allow, intends to, will likely result, are expected to, will continue, is estimated, is projected, or similar expressions are intended to identify forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any such statements are subject to the risks and uncertainties that include but are not limited to: changes in economic conditions in the Corporation s market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Corporation s market area, and competition. All or some of these factors could cause actual results to differ materially from historical earnings and those presently anticipated or projected.

The Corporation cautions readers not to place undue reliance on any such forward looking statements, which speak only as of the date made, and advises readers that various factors, including regional and national economic conditions, substantial changes in the levels of market interest rates, credit and other risks associated with lending and investing activities, and competitive and regulatory factors could affect the Corporation s financial performance and could cause the Corporation s actual results for future periods to differ materially from those anticipated or projected. The Corporation does not undertake, and specifically disclaims any obligation, to update any forward looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

The Corporation is registered as a Securities Exchange Act of 1934 reporting company.

The following discussion and analysis of the consolidated financial statements of the Corporation is presented to provide insight into management s assessment of the financial results.

RESULTS OF OPERATIONS

Overview of the Income Statement

For the quarter ended June 30, 2008 the Corporation reported net income of $1,749,000, or $0.51 basic earnings per share. This compares to second quarter 2007 net income of $1,455,000, or $0.41 basic earnings per share. Compared with the same period in 2007, second quarter 2008 net income increased $294,000 or 20.2%. The $294,000 increase for the quarter was primarily the result of a $553,000 increase in net interest income and a $300,000 increase in non-interest income, offset by a $295,000 increase in the provision for loan losses, a $141,000 increase in non-interest expenses, and a $123,000 increase in the provision for income taxes.

Net income for the six-months ended June 30, 2008, totaled $2,694,000, or $0.78 basic earnings per share compared to net income of $2,432,000, or $0.69 basis earnings per share for the same period in 2007. Compared with the same period in 2007, net income increased $262,000 or 10.8%. The $262,000 increase for the six-month period ended June 30, 2008 was primarily the result of a $924,000 increase in net interest income, and an increase of $84,000 in non-interest income, offset by an increase of $420,000 in the provision for loan losses, an increase of $214,000 in non-interest expenses, and an increase in the provision for income taxes of $112,000.

Interest Income and Expense

Net interest income is the amount by which interest income from interest-earning assets exceeds interest incurred on interest-bearing liabilities. Interest-earning assets consist principally of loans and investment securities while interest-bearing liabilities include interest-bearing deposit accounts and borrowed funds. Net interest income remains the primary source of revenue for the Corporation. Changes in market interest rates, as well as changes in the mix and volume of interest-bearing assets and interest-bearing liabilities, impact net interest income. Net interest income was $4,947,000 for the second quarter of 2008, compared to $4,394,000 for the same period of 2007. Net interest income was $9,446,000 for the first half of 2008 compared to $8,522,000 for the same period of 2007, an increase of $924,000 (10.8%).

Net interest margin is calculated by dividing net interest income (adjusted to reflect tax-exempt interest income on a taxable equivalent basis) by average interest-earning assets. The resulting percentage serves as a measurement for the

Corporation in comparing its results with those of past periods as well as those of peer institutions. For the three and six months ended June 30, 2008 the net interest margin (on a taxable equivalent basis) was 3.71% and 3.66% respectively and compared with 3.63% and 3.52% for the same period of 2007. The increase in the net interest margin for the 2008 periods as compared to the 2007 periods primarily resulted from a change in the composition of interest-earning assets. Union has continued to experience loan demand, including a $58.1 million net increase in loans during the first half of 2008. Proceeds from the sale or maturity of lower-yielding securities have been used to partially fund this loan growth.

Provision for Loan Losses

The provision for loan losses is determined based upon management s periodic calculation of the allowance for loan losses and is reflective of the quality of management s assessment of the portfolio and overall management of the inherent credit risk of the loan portfolio. Changes in the provision for loan losses are dependent, among other things, on loan delinquencies, portfolio growth, collateral position, portfolio risks and general economic conditions in the Corporation s markets. A $370,000 provision for loan losses was made for the second quarter of 2008 compared to a $75,000 provision for the same period in 2007. A $645,000 provision for loan losses was made for the six month period ended June 30, 2008, compared to a $225,000 provision for loan losses for the six month period ended June 30, 2007. See Allowance for Loan Losses under Financial Condition for further discussion of the provision for loan losses.

Non-Interest Income

The Corporation s non-interest income is largely generated from activities related to the origination, servicing and gain on sales of fixed rate mortgage loans, customer deposit account fees, earnings on life insurance policies, income arising from sales of investment products to customers, and occasional security sale transactions. Income related to customer deposit accounts and Bank Owned Life Insurance provides a relatively steady flow of income while the other sources are more volume or transaction related and consequently can vary from quarter to quarter.

For the quarter ended June 30, 2008 non-interest income was $1,306,000, compared to $1,006,000 for the second quarter of 2007, a $300,000 (29.8%) increase. For the quarter ended June 30, 2008, there was an increase in the fair value of mortgage servicing rights of $374,000, compared to an increase in fair value of mortgage servicing rights of $217,000 for the second quarter of 2007. The fair value of mortgage servicing rights increased during the quarter due to the easing of the market s perception of mortgage investment products, and a decrease in prepayment speeds as a result of rising mortgage interest rates. Gain on sales of loans amounted to $152,000 for the quarter ended June 30, 2008, compared to $83,000 for the comparable 2007 period, an increase of $69,000 (83.1%). The quarterly gain included capitalized servicing rights of $88,000 and $46,000 on $7.6 million and $3.8 million of originated loan sales during the quarters ended June 30, 2008 and 2007, respectively. The balance of the gain on sales of loans represented cash gains. During the quarter ended June 30, 2008, the Corporation realized $23,000 of gains on the sale and call of securities compared to $16,000 gain on the sale of securities for the quarter ended June 30, 2007. As a result of Union s Board approving management s plan to restructure its balance sheet, including selling approximately $15.5 million of available-for-sale securities, an impairment loss of $240,000 was recognized for the quarter ended March 31, 2007, representing the amount by which amortized cost exceeded fair value for the securities being sold. The securities were subsequently sold on June 21, 2007 at a realized loss of $224,000.

For the six-month period ended June 30, 2008 non-interest income was $1,864,000, compared to $1,780,000 for the six-month period ended June 30, 2007, an $84,000 (4.7%) increase. For the six-month period ended June 30, 2008 there was an increase in fair value of mortgage servicing rights of $122,000, compared to an increase in fair value of mortgage servicing rights of $150,000 for the six months ended June 30, 2007.

Effective March 31, 2007, Union entered into an agreement to sell its credit card portfolio, resulting in a gain on sale for the quarter ended March 31, 2007 of $355,000.

Other non-interest income increased $69,000 (10.0%) to $758,000 for the quarter ended June 30, 2008 and $113,000 (8.4%) to $1,451,000 for the six-month period ended June 30, 2008.

Non-Interest Expenses

For the quarter ended June 30, 2008 non-interest expenses were $3,549,000, compared to $3,408,000 for the comparable period in 2007, a $141,000 (4.1%) increase. For the six-month period ended June 30, 2008, non-interest expenses totaled $7,183,000 compared to $6,969,000 for the comparable period of 2007, an increase of $214,000 (3.1%).

The operating results for the three and six month periods included an adjustment to the provision for stock options based on the Corporation s closing stock price as of June 30, 2008 and 2007. As a result of this adjustment, non-interest expenses were decreased $9,000 and increased $2,000, respectively for the three and six month periods ended June 30, 2008, and were reduced by $14,000 and $29,000, respectively, for the three and six month periods ended June 30, 2007. Non-interest expenses for the six month period ended June 30, 2008, included a $104,000 write down on other real estate owned from the first quarter of 2008.

Maintaining acceptable levels of non-interest expenses and operating efficiency are key performance indicators for the Corporation in its strategic initiatives. The financial services industry uses the efficiency ratio (total non-interest expense as a percentage of the aggregate of fully-tax equivalent net interest income and non-interest income) as a key indicator of performance. For the quarter ended June 30, 2008, the Corporation s efficiency ratio was 54.59% compared to 60.45% for the same period of 2007 For the six month period ended June 30, 2008, the Corporation s efficiency ratio was 60.91% compared to 64.64% for the same period of 2007.

Provision for Income Taxes

The provision for income taxes for the quarter ended June 30, 2008 was $585,000, or 25.1% of income before income taxes, compared to $462,000, or 24.1%, for the comparable 2007 period. The provision for income taxes for the six month period ended June 30, 2008 was $788,000, or 22.6% of income before income taxes, compared to $676,000, or 21.8%, for the comparable 2007 period.

Return on Assets

Return on average assets was 1.12% for the second quarter of 2008, compared to 1.05% for the second quarter of 2007. Return on average assets for the six months ended June 30, 2008 was 0.93% compared to 0.87% for the same period of 2007. The increase resulted from an increase in income offset by an increase in the Corporation s average assets.

Return on Equity

Return on average equity for the second quarter of 2008 was 14.06% compared to 12.41% for the same period of 2007. Return on average equity for the six months ended June 30, 2008 was 10.87% compared to 10.39% for the same period in 2007. This increase was the result of an increase in net income offset by an increase in average equity as more fully explained in the Shareholders Equity section under Financial Condition. The Corporation and Union met all regulatory capital requirements as of June 30, 2008, and Union is considered well capitalized under regulatory and industry standards of risk-based capital.

FINANCIAL CONDITION

Overview of Balance Sheet

Total assets amounted to $621.3 million at June 30, 2008 compared to $548.0 million at December 31, 2007, an increase of $73.3 million, or 13.4%. The increase in assets was the result of an increase of $58.1 million in gross loans and an increase in total cash and cash equivalents of $27.9 million offset by a decrease of $13.6 million in available-for-sale securities. Deposits during this same period increased $65.4 million (16.6%) primarily related to increases in brokered certificates and public deposits. Other borrowings (consisting of Federal Home Loan Bank borrowings, securities sold under agreements to repurchase, customer repurchase agreements, and junior subordinated deferrable debentures) increased $6.7 million (6.6%).

Shareholders equity increased from $48.8 million at December 31, 2007 to $49.6 million at June 30, 2008. This increase was the result of net income ($2,694,000), and the issuance of 3,723 treasury shares ($49,000) under the Corporation s Employee Stock Purchase Plan, offset by a $156,000 increase in unrealized securities losses, net of tax, the payment of dividends ($1,032,000), and the repurchase of 55,000 common shares ($775,000). The increase in unrealized securities losses from January 1, 2008 to June 30, 2008, was the result of customary and expected changes in the bond market. Unrealized losses on securities are reported as accumulated other comprehensive income in the consolidated balance sheet.

Cash and Cash Equivalents

Cash and cash equivalents totaled $43.0 million at June 30, 2008 compared to $15.1 million at December 31, 2007. Cash and cash equivalents at June 30, 2008 includes Federal funds sold of $10.2 million compared to $161,000 at December 31, 2007. Management believes the current level of cash and cash equivalents is sufficient to meet the Corporation s present liquidity and performance needs, which has increased due to the recent volatility in the market. Total cash and cash equivalents fluctuate on a daily basis due to transactions in process and other liquidity needs. Management believes the Corporation s liquidity needs in the near term will be satisfied by the current balance of cash and cash equivalents, readily available access to traditional and non-traditional funding sources, and the portions of the investment and loan portfolios that will mature within one year. These sources of funds should enable the Corporation to meet cash obligations and off-balance sheet commitments as they come due. In addition, the Corporation has access to various sources of additional borrowings by virtue of long-term assets that can be used as collateral for such borrowings.

Securities

At June 30, 2008, available-for-sale securities totaled $124.3 million, a decrease of $13.6 million (9.9%) from December 31, 2007. As a result of continued loan demand, proceeds from the sale, call or maturity of securities during the six months ended June 30, 2008 were primarily used to fund loan growth rather than being re-invested in the securities portfolio. Management believes classifying securities as available-for-sale provides the Corporation flexibility and facilitates greater interest rate risk management opportunities. At June 30, 2008, the amortized cost of the Corporation s securities totaled $125.4 million, resulting in net unrealized losses of approximately $1.1 million and a corresponding after tax decrease in shareholders equity of $733,000.

Management monitors the earnings performance and liquidity of the investment portfolio on a regular basis through Asset/Liability Committee meetings.

Loans

The Corporation s lending is primarily centered in Northwestern and West Central Ohio. Gross loans (including loans held for sale) totaled $417.7 million at June 30, 2008 compared to $359.6 million at December 31, 2007, an increase of $58.1 million (16.2%). Most of this increase has been in the commercial and commercial real estate loan categories.

Allowance for Loan Losses

The allowance for loan losses as a percentage of loans (excluding loans held for sale) was 0.60% at June 30, 2008 compared to .62% at December 31, 2007. Management believes the allowance is adequate given the composition of and risk inherent in the loan portfolio of Union. Management will continue to monitor the risk of credit loss associated with the loan portfolio, and will adjust the allowance accordingly.

The following table presents changes in the allowance for loan losses for the six months ended June 30, 2008 and 2007, respectively:

(dollars in thousands)

	2008	2007
Balance, beginning of period	$2,233	$2,275
Provision for loan losses	645	225
Charge offs	(508)	(414)
Recoveries	143	179
Net charge offs	(365)	(235)
Balance, end of period	$2,513	$2,265
	=====	=====

Loans on non-accrual status as a percentage of outstanding loans were 0.83% at June 30, 2008, compared to 0.73% at December 31, 2007. Non-accrual loans totaled $3,448,000 and $2,613,000 at June 30, 2008 and December 31, 2007, respectively. Management believes the current level of non-accrual loans is manageable and is a reflection of the quality of Union s loan portfolio as well as the adequacy of staffing levels devoted to monitoring and pursuing the collection of these credits.

Funding Sources

The Corporation considers a number of alternatives, including but not limited to, deposits, as well as short-term and long-term borrowings when evaluating funding sources. Deposits, including customer deposits, brokered certificates of deposit, and public funds deposits, continue to be the most significant source of funds for the Corporation, totaling $458.7 million, or 80.8% of the Corporation s funding sources at June 30, 2008. Total deposits increased $65.4 million (16.6%) during the six months ended June 30, 2008, primarily related to increases of brokered deposits ($42.6 million) and public deposits ($25.2 million), acquired to fund the aforementioned loan growth.

Non-interest bearing deposits remain a smaller portion of the funding source for the Corporation than for most of its peers. Non-interest bearing deposits comprised 8.6% of total deposits at June 30, 2008 compared to 9.3% at June 30, 2007.

In addition to traditional deposits, the Corporation maintains both short-term and long-term borrowing arrangements. These borrowings consisted of FHLB borrowings totaling $88.7 million and $67.3 million at June 30, 2008 and December 31, 2007, respectively; securities sold under agreement to repurchase and customer repurchase agreements totaling $9.8 million and $24.6 million at June 30, 2008 and December 31, 2007, respectively; and junior subordinated deferrable interest debentures of $10.3 million at June 30, 2008 and 2007. Management plans to maintain access to various borrowing alternatives as an appropriate funding source.

Shareholders Equity

For the six month period ended June 30, 2008, the Corporation had net income of $2,694,000 and declared dividends of $1,032,000, resulting in a dividend payout ratio of 38.31% of net income. Management believes the overall equity level supports this payout ratio. During the six month periods ended June 30, 2008 and 2007, the Corporation issued 3,723 and 3,891 shares, respectively of treasury stock to participants of the Corporation s Employee Stock Purchase Plan. In addition, during the six month period ended June 30, 2008 and 2007, the Corporation purchased 55,000 and 49,000 shares, respectively through its share repurchase program.

The increase in net unrealized losses on available-for-sale securities, net of income taxes, was $156,000 for the six months ended June 30, 2008. Since all the securities in the Corporation s portfolio are classified as available-for-sale, both the securities and equity sections of the consolidated balance sheet are sensitive to the changing market values of securities.

The Corporation has also complied with the standards of capital adequacy mandated by the banking industry. Bank regulators have established risk-based capital requirements designed to measure capital adequacy. Risk-based capital ratios reflect the relative risks of various assets banks hold in their portfolios. A weight category of 0% (lowest risk assets), 20%, 50%, or 100% (highest risk assets) is assigned to each asset on the balance sheet and to certain off-balance sheet commitments.

Liquidity and Interest Rate Sensitivity

The objective of the Corporation s asset/liability management function is to maintain consistent growth in net interest income through management of the Corporation s balance sheet liquidity and interest rate exposure based on changes in economic conditions, interest rate levels, and customer preferences.

The Corporation manages interest rate risk to minimize the impact of fluctuating interest rates on earnings. The Corporation uses simulation techniques that attempt to measure the volatility of changes in the level of interest rates, basic banking interest rate spreads, the shape of the yield curve, and the impact of changing product growth patterns. The primary method of measuring the sensitivity of earnings of changing market interest rates is to simulate expected cash flows using varying assumed interest rates while also adjusting the timing and magnitude of non-contractual deposit repricing to more accurately reflect anticipated pricing behavior. These simulations include adjustments for the lag in prime loan repricing and the spread and volume elasticity of interest-bearing deposit accounts, regular savings and money market deposit accounts.

The principal function of interest rate risk management is to maintain an appropriate relationship between those assets and liabilities that are sensitive to changing market interest rates. The Corporation closely monitors the sensitivity of its assets and liabilities on an ongoing basis and projects the effect of various interest rate changes on its net interest margin. Interest sensitive assets and liabilities are defined as those assets or liabilities that mature or reprice within a designated time frame.

Management believes the Corporation s current mix of assets and liabilities provides a reasonable level of risk related to significant fluctuations in net interest income and the resulting volatility of the Corporation s earning base. The Corporation s management reviews interest rate risk in relation to its effect on net interest income, net interest margin, and the volatility of the earnings base of the Corporation.

Effects of Inflation on Financial Statements

Substantially all of the Corporation s assets relate to banking and are monetary in nature. Therefore, they are not impacted by inflation to the same degree as companies in capital-intensive industries in a replacement cost environment. During a period of rising prices, a net monetary asset position results in loss in purchasing power and conversely a net monetary liability position results in an increase in purchasing power. In the banking industry, typically monetary assets exceed monetary liabilities. Therefore, as prices have recently increased, financial institutions experienced a decline in the purchasing power of their net assets.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The only significant market risk to which the Corporation is exposed is interest rate risk. The business of the Corporation and the composition of its balance sheet consist of investments in interest-earning assets (primarily loans and securities), which are funded by interest bearing liabilities (deposits and borrowings). These financial instruments have varying levels of sensitivity to changes in the market rates of interest, resulting in market risk. None of the Corporation s financial instruments are held for trading purposes.

The Corporation manages interest rate risk regularly through its Asset Liability Committee. The Committee meets on a regular basis and reviews various asset and liability management information, including but not limited to, the bank s liquidity positions, projected sources and uses of funds, interest rate risk positions and economic conditions.

The Corporation monitors its interest rate risk through a sensitivity analysis, whereby it measures potential changes in its future earnings and the fair values of its financial instruments that may result from one or more hypothetical changes in interest rates. This analysis is performed by estimating the expected cash flows of the Corporation s financial instruments using interest rates in effect at year-end. For the fair value estimates, the cash flows are then discounted to year-end to arrive at an estimated present value of the Corporation s financial instruments. Hypothetical changes in interest rates are then applied to the financial instruments, and the cash flows and fair values are again estimated using these hypothetical rates. For the net interest income estimates, the hypothetical rates are applied to the financial instruments based on the assumed cash flows. The Corporation applies these interest rate shocks to its financial instruments up and down 100, 200, and 300 basis points.

There have been no material changes in the quantitative and qualitative information about market risk from the information provided in the December 31, 2007 Form 10-K.

ITEM 4T

CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures.

With the participation of our management, including our chief executive officer and chief financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the

Securities Exchange Act of 1934, as amended (the "Exchange Act")); as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our chief executive officer and chief financial officer have concluded that:

(a)

information required to be disclosed by the Corporation in this Quarterly Report on Form 10-Q would be accumulated and communicated to the Corporation s management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure;

(b)

information required to be disclosed by the Corporation in this Quarterly Report on Form 10-Q would be recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms; and

(c)

the Corporation s disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q to ensure that material information relating to the Corporation and its consolidated subsidiary is made known to them, particularly during the period for which our periodic reports, including this Quarterly Report on Form 10-Q, are being prepared.

Changes in Internal Control over Financial Reporting.

There were no significant changes during the period covered by this Quarterly Report on Form 10-Q in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II Other Information

Item 1: Legal Proceedings.

There are no pending legal proceedings to which the Corporation or its subsidiary are a party or to which any of their property is subject except routine legal proceedings to which the Corporation or its subsidiary are a party incident to the banking business. None of such proceedings are considered by the Corporation to be material.

Item 1A: Risk Factors

There have been no material changes in the discussion pertaining to risk factors that was provided in the December 31, 2007 Form 10-K.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds.

The Corporation has not sold any of its securities which were not registered under the Securities Act during the period covered by this report. The table below includes certain information regarding the Corporation s purchase of United Bancshares, Inc. common stock during the quarterly period ended June 30, 2008:

Period	Total number of shares purchased	Average price paid per share	Total number shares purchased as part of a publicly announced plan or program	Maximum number of shares that may yet be purchased under the plan or program (a)

04/01/08 -

04/30/08

None

None

297,058

102,942

05/01/08 -

05/31/08

5,000

13.55

302,058

97,942

06/01/08

06/30/08

None

None

302,058

97,942

(a) A stock repurchase program (Plan) was announced on July 29, 2005 (100,000 shares authorized) and expanded by 100,000 shares on December 23, 2005 and 200,000 shares on March 20, 2007. The Plan authorizes the Corporation to repurchase up to 400,000 of the Corporation s common shares from time to time in a program of market purchases or in privately negotiated transactions as the securities laws and market conditions permit.

Item 3: Defaults upon Senior Securities.

None

Item 4: Submission of Matters to a Vote of Security Holders.

On April 23, 2008, The Corporation held its annual shareholders   meeting at its corporate headquarters in Columbus Grove, Ohio.

The shareholders adopted the proposal to elect directors at the meeting by the votes indicated below:

	FOR	WITHHELD
Robert L. Benroth	2,569,435	113,032
Robert L. Dillhoff	2,549,021	133,446
James N. Reynolds	2,524,099	158,368
H. Edward Rigel	2,527,163	155,304
David P. Roach	2,544,459	

138,009

Daniel W. Schutt

2,594,056

88,411

R. Steven Unverferth

2,602,041

80,426

Item 5: Other Information.

None

Item 6: Exhibits

(a) Exhibits

Exhibit 3(i) Amended and Restated Articles of Incorporation

Exhibit 3(ii) Amended and Restated Code of Regulations

Exhibit 10 Material Contracts

Exhibit 10.1 Employment Agreement Daniel W. Schutt

Exhibit 10.11 Salary Continuation Agreement Daniel W. Schutt

Exhibit 10.2 Agreement - Brian D. Young

Exhibit 10.3 Salary Continuation Agreement - Brian D. Young

Exhibit 10.4 Executive Supplemental Income Agreement - Bonita Selhorst

Exhibit 10.5 Salary Continuation Agreement, Second Amendment Daniel W. Schutt

Exhibit 10.6 Preferred Trust Securities, Placement and Debenture agreements

Exhibit 10.7 Executive Supplemental Income Agreement, First Amendment Bonita Selhorst

Exhibit 10.8 Salary Continuation Agreement, First Amendment Daniel W. Schutt

Exhibit 10.9 Salary Continuation Agreement, First Amendment Brian D. Young

Exhibit 31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO

Exhibit 31.2 Rule 13a-14(a)/15d-14(a) Certification of CFO

Exhibit 32.1 Section 1350 CEO s Certification

Exhibit 32.2 Section 1350 CFO s Certification

Exhibit 99 Safe Harbor under The Private Securities Litigation Reform Act of 1995

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED BANCSHARES, INC.

Date: July 28, 2008

By:/s/ Brian D. Young
Brian D. Young
Chief Financial Officer

EXHIBIT INDEX

UNITED BANCSHARES, INC. QUARTERLY REPORT ON FORM 10-Q

FOR PERIOD ENDED JUNE 30, 2008

Exhibit Number	**Description**	**Exhibit Location**
3(i)	Amended and Restated Articles of Incorporation	Incorporated herein by reference to the Corporation's Definitive Proxy Statement pursuant to Section 14(a) filed March 8, 2002.
3(ii)	Amended and Restated Code of Regulations	Incorporated herein by reference to the Corporation s Form 10-Q for the quarter ended June 30, 2007.
10.1	Employment Agreement Daniel W. Schutt	Incorporated herein by reference to the Corporation's 2004 Form 10K/A filed August 5, 2005.
10.11	Salary Continuation Agreement Daniel W. Schutt	Incorporated by reference to Corporation's Form 10-K filed March 23, 2007.
10.2	Agreement - Brian D. Young	Incorporated by reference to Corporation's Form 8-K filed July 20, 2006.
10.3	Salary Continuation Agreement - Brian D. Young	Incorporated herein by reference to the Corporation's 2004 Form 10K/A filed August 5, 2005.
10.4	Executive Supplemental Income Agreement - Bonita Selhorst	Incorporated herein by reference to the Corporation's 2004 Form 10K/A filed August 5, 2005.
10.5	Salary Continuation Agreement Second Amendment Daniel W. Schutt	Incorporated herein by reference to the Corporation s 2007 Form 10Q filed April 27, 2007.
10.6	Preferred Trust Securities, Placement and Debenture agreements	Incorporated herein by reference to the Corporation s 2004 Form 10K/A filed August 5, 2005.
10.7	Executive Supplemental Income Agreement, First Amendment - Bonita Selhorst	Incorporated herein by reference to the Corporation s 2007 Form 10Q filed April 27, 2007.
10.8	Salary Continuation Agreement, First Amendment Daniel W. Schutt	Incorporated herein by reference to the Corporation s 2007 Form 10Q filed April 27, 2007.
10.9	Salary Continuation Agreement, First	Incorporated herein by reference to the Corporation s

	Amendment Brian D. Young	2007 Form 10Q filed April 27, 2007.
31.1	Rule 13a-14(a)/15d-14(a) Certification of CEO	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of CFO	Filed herewith
32.1	Section 1350 CEO s Certification	Filed herewith
32.2	Section 1350 CFO s Certification	Filed herewith
99	Safe Harbor under the Private Securities Litigation Reform Act of 1995	Filed herewith

Exhibit 31.1

Rule 13a 14(a)/15d 14(a) CERTIFICATION

I, Daniel W. Schutt, President and Chief Executive Officer of United Bancshares, Inc., certify, that:

(1) I have reviewed this Quarterly Report on Form 10-Q of United Bancshares, Inc.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

(5) The registrant s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Daniel W. Schutt

Daniel W. Schutt

President and Chief Executive Officer

July 28, 2008

Exhibit 31.2

Rule 13a 14(a)/15d 14(a) CERTIFICATION

I, Brian D. Young, Chief Financial Officer of United Bancshares, Inc., certify, that:

(1) I have reviewed this Quarterly Report on Form 10-Q of United Bancshares, Inc.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

(5) The registrant s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Brian D. Young

Brian D. Young

Chief Financial Officer

July 28, 2008

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of United Bancshares, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel W. Schutt, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel W. Schutt

Daniel W. Schutt

Chief Executive Officer

Date: July 28, 2008

*This certification is being furnished as required by Rule 13a 14(b) under the Securities Exchange Act of 1934 (the Exchange Act) and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of United Bancshares, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian D. Young, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian D. Young

Brian D. Young

Chief Financial Officer

Date: July 28, 2008

*This certification is being furnished as required by Rule 13a 14(b) under the Securities Exchange Act of 1934 (the Exchange Act) and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

Exhibit 99

SAFE HARBOR UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statement. United Bancshares, Inc. ("Corporation") desires to take advantage of the "safe harbor" provisions of the Act. Certain information, particularly information regarding future economic performance and finances and plans and objectives of management, contained or incorporated by reference in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, is forward-looking. In some cases, information regarding certain important factors that could cause actual results of operations or outcomes of other events to differ materially from any such forward-looking statement appears together with such statement. In addition, forward-looking statements are subject to other risks and uncertainties affecting the financial institutions industry, including, but not limited to, the following:

Interest Rate Risk

The Corporation s operating results are dependent to a significant degree on its net interest income, which is the difference between interest income from loans, investments and other interest-earning assets and interest expense on deposits, borrowings and other interest-bearing liabilities. The interest income and interest expense of the Corporation change as the interest rates on interest-earning assets and interest-bearing liabilities change. Interest rates may change because of general economic conditions, the policies of various regulatory authorities and other factors beyond the Corporation's control. In a rising interest rate environment, loans tend to prepay slowly and new loans at higher rates increase slowly, while interest paid on deposits increases rapidly because the terms to maturity of deposits tend to be shorter than the terms to maturity or prepayment of loans. Such differences in the adjustment of interest rates on assets and liabilities may negatively affect the Corporation's income.

Possible Inadequacy of the Allowance for Loan Losses

The Corporation maintains an allowance for loan losses based upon a number of relevant factors, including, but not limited to, trends in the level of non-performing assets and classified loans, current economic conditions in the primary lending area, past loss experience, possible losses arising from specific problem loans and changes in the composition of the loan portfolio. While the Board of Directors of the Corporation believe that it uses the best information available to determine the allowance for loan losses, unforeseen market conditions could result in material adjustments, and net earnings could be significantly adversely affected if circumstances differ substantially from the assumptions used in making the final determination.

Loans not secured by one to four family residential real estate are generally considered to involve greater risk of loss than loans secured by one to four-family residential real estate due, in part, to the effects of general economic conditions. The repayment of multifamily residential, nonresidential real estate and commercial loans generally depends upon the cash flow from the operation of the property or business, which may be negatively affected by national and local economic conditions. Construction loans may also be negatively affected by such economic conditions, particularly loans made to developers who do not have a buyer for a property before the loan is made. The risk of default on consumer loans increases during periods of recession, high unemployment and other adverse economic conditions. When consumers have trouble paying their bills, they are more likely to pay mortgage loans than consumer loans. In addition, the collateral securing such loans, if any, may decrease in value more rapidly than the outstanding balance of the loan.

Competition

The Corporation competes for deposits with other savings associations, commercial banks and credit unions and issuers of commercial paper and other securities, such as shares in money market mutual funds. The primary factors in competing for deposits are interest rates and convenience of office location. In making loans, the Corporation competes with other commercial banks, savings associations, consumer finance companies, credit unions, leasing companies, mortgage companies and other lenders. Competition is affected by, among other things, the general availability of lendable funds, general and local economic conditions, current interest rate levels and other factors that are not readily predictable. The size of financial institutions competing with the Corporation are likely to increase as a result of changes in statutes and regulations eliminating various restrictions on interstate and inter-industry branching and acquisitions. Such increased competition may have an adverse effect upon the Corporation.

Legislation and Regulation that may Adversely Affect the Corporation's Earnings

The Corporation is subject to extensive regulation by the State of Ohio, Division of Financial Institutions (the ODFI), the Federal Reserve Bank (the FED), and the Federal Deposit Insurance Corporation (the "FDIC") and is periodically examined by such regulatory agencies to test compliance with various regulatory requirements. Such supervision and regulation of the Corporation and the bank are intended primarily for the protection of depositors and not for the maximization of shareholder value and may affect the ability of the Corporation to engage in various business activities. The assessments, filing fees and other costs associated with reports, examinations and other regulatory matters are significant and may have an adverse effect on the Corporation's net earnings.