

## DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

Our fourth quarter earnings were reported as \$906 thousand, or \$0.18 per share, which was a 27% improvement over the fourth quarter of 2006 earnings. For the year, your Company earned \$3.26 million, which is approximately an 18% increase over 2006 when Rurban earned \$2.76 million. As a result of the continuing improvement in Rurban's earnings, the Board of Directors voted to increase the quarterly dividend by \$0.01 to \$0.08 per share. This dividend is payable on February 22, 2008 to all shareholders of record on February 8, 2008.

The quarter represented a continuation of our improving earnings from both our banking group and our data and item processing group. The State Bank and Trust Company improved its earnings year-over-year by 12%. This earnings improvement was accomplished by a twofold combination of improved revenue and expense control. Loan growth for the year was up by \$19.2 million, while expenses were reduced by \$1.9 million for the year. The benefit of these trends will continue into 2008, as increased loan balances should be achieved, subject to encountering a major headwind from the potential weakening of the economy. We will continue to control costs by reducing expenses as technology and changing circumstances allow. Last year we were assisted by the merger of The Exchange Bank and Reliance Financial Services, N.A. into The State Bank and Trust Company. This merger provided a number of synergies that allowed us to reduce expenses and staff.

The net interest margin continues to be a challenge and will be potentially aggravated by the radical Federal Reserve rate cuts that occurred in January 2008, which were in addition to a 1.00 % reduction in the third and fourth quarters of 2007. Our Bank margin was 16 basis points lower in 2007 versus 2006, but it improved by 18 basis points when comparing the fourth quarter of 2006 to the fourth quarter of 2007. The Bank is liability sensitive, indicating that it will benefit from drops in rates; however, this relative improvement may take some time to achieve as the liability side of the balance

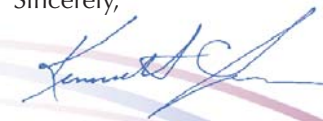
sheet needs to reprice over the course of 2008.

Asset quality remains strong as non-performing assets were reduced from the third quarter to fourth quarter by \$270 thousand. As you may recall, our non-performing assets increased in the second quarter and we indicated at that time the increase was due to three commercial loans, which we are working out with no anticipated loss over the amount reserved for these loans. Actual net charge-offs were \$248 thousand for 2007, which is down from \$1.2 million in 2006. Delinquencies in our portfolio are virtually unchanged from last year, reflecting no pending concern for loan quality.

RDSI, our Data processing and Item processing business, continues its growth pattern completing a record year with earnings up 31% over 2006. We completed the year providing data or item processing services to 117 community banks in ten states. We see continuing growth possibilities for this business segment, as we ended 2007 with six banks scheduled for conversion in the first six months of 2008, and our pipeline of prospects remains encouraging.

We encourage you to review our January 23, 2008 press release which contains additional information. You are invited to attend our Annual Meeting, which will be held on April 17, 2008 at the Eagles Club, beginning at 10:00 AM. You can find more detail of this upcoming meeting, and other Company related information, on our Web Site, [www.rurbanfinancial.net](http://www.rurbanfinancial.net).

Sincerely,



Kenneth A. Joyce  
President and CEO



### INVESTOR MATERIALS

Annual and quarterly shareholder reports, regulatory filings, press releases, and articles about Rurban Financial Corp., which have appeared in various publications, are available on our Web Site at [www.rurbanfinancial.net](http://www.rurbanfinancial.net) or may be obtained from Valda Colbart, Investor Relations Officer, via e-mail at [rfcinv@rurban.net](mailto:rfcinv@rurban.net) or by calling 1-800-273-5820.

### DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Rurban offers its shareholders convenient, economical and powerful investment techniques to increase their investment in RBNF common stock. These plans provide a method of investing cash dividends and voluntary cash payments in additional shares of common stock without payment of brokerage commissions or service charges. Individuals who wish to purchase RBNF stock for the first time may also participate in this plan. For additional information about the plan and prospectus, please contact Registrar and Transfer Company at 1-800-368-5948 or [www.rtc.com](http://www.rtc.com) or Valda Colbart, Rurban Financial Corp. at 1-800-273-5820 or [rfcinv@rurban.net](mailto:rfcinv@rurban.net).

### FORWARD-LOOKING STATEMENTS

Certain statements within this document, which are not statements of historical fact, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties and actual results may differ materially from those predicted by the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties inherent in the national and regional banking, insurance and mortgage industries, competitive factors specific to markets in which Rurban and its subsidiaries operate, future interest rate levels, legislative and regulatory actions, capital market conditions, general economic conditions, geopolitical events, the loss of key personnel and other factors.

Forward-looking statements speak only as of the date on which they are made, and Rurban undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made. All subsequent written and oral forward-looking statements attributable to Rurban or any person acting on our behalf are qualified by these cautionary statements.

A clear DIRECTION



DECEMBER 2007  
4TH QUARTER

SHAREHOLDER LETTER &  
FINANCIAL HIGHLIGHTS

RURBAN FINANCIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2007 and December 31, 2006

	December 2007 (Unaudited)	December 2006
<b>ASSETS</b>		
Cash and due from banks	\$ 15,183,627	\$ 13,381,791
Federal funds sold	2,000,000	9,100,000
Cash and cash equivalents	17,183,627	22,481,791
Interest-earning deposits in other financial institutions	-	150,000
Available-for-sale securities	92,661,386	102,462,075
Loans held for sale	1,649,758	390,100
Loans, net of unearned income	389,268,744	370,101,809
Allowance for loan losses	(3,990,455)	(3,717,377)
Premises and equipment, net	15,128,754	15,449,774
Federal Reserve and Federal Home Loan Bank Stock	4,021,200	3,993,450
Foreclosed assets held for sale, net	124,131	82,397
Accrued interest receivable	3,008,968	3,129,774
Goodwill	13,940,618	13,674,058
Core deposits and other intangibles	5,135,228	5,858,982
Purchased software	4,282,563	4,618,691
Cash value of life insurance	12,160,581	10,771,843
Other assets	6,638,895	6,559,886
<b>Total assets</b>	<b>\$ 561,213,998</b>	<b>\$ 556,007,253</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Deposits		
Demand	\$ 41,541,297	\$ 46,565,554
Savings, interest checking and money market	141,009,043	130,267,333
Time	223,480,842	237,722,558
Total deposits	406,031,182	414,555,445
Short-term borrowings	43,006,438	32,270,900
Notes payable	922,457	2,589,207
Federal Home Loan Bank advances	24,000,000	21,000,000
Trust preferred securities	20,620,000	20,620,000
Interest payable	2,532,914	2,224,413
Deferred income taxes	2,581,413	1,610,462
Other liabilities	2,194,360	4,181,673
<b>Total liabilities</b>	<b>501,888,764</b>	<b>499,052,100</b>
<b>Shareholders' Equity</b>		
Common stock	12,568,583	12,568,583
Additional paid-in capital	14,923,571	14,859,165
Retained earnings	32,361,106	30,407,298
Accumulated other comprehensive loss	82,235	(879,893)
Treasury stock	(610,260)	-
<b>Total shareholders' equity</b>	<b>59,325,234</b>	<b>56,955,153</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 561,213,998</b>	<b>\$ 556,007,253</b>

RURBAN FINANCIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED  
For The Three Months Ended December 31, 2007 and 2006

	Fourth Quarter 2007	Fourth Quarter 2006
<b>Interest income</b>		
Loans		
Taxable	\$ 7,056,261	\$ 6,720,398
Tax-exempt	22,240	17,638
Securities		
Taxable	1,106,834	1,258,234
Tax-exempt	161,830	149,172
Other	61,257	77,726
<b>Total interest income</b>	<b>8,408,422</b>	<b>8,223,168</b>
<b>Interest expense</b>		
Deposits	3,383,225	3,326,774
Other borrowings	25,215	51,910
Repurchase Agreements	484,118	382,717
Federal Home Loan Bank advances	276,492	421,970
Trust preferred securities	456,427	455,408
<b>Total interest expense</b>	<b>4,625,477</b>	<b>4,638,779</b>
<b>Net interest income</b>	<b>3,782,945</b>	<b>3,584,389</b>
Provision for loan losses	142,663	(159,483)
<b>Net interest income after provision for loan losses</b>	<b>3,640,282</b>	<b>3,743,872</b>
<b>Non-interest income</b>		
Data service fees	4,914,328	4,698,386
Trust fees	873,069	830,898
Customer service fees	593,665	525,881
Net gain on sales of loans	137,611	856,344
Net realized gain (loss) on sales of available-for-sale securities	1,631	(494,885)
Investment securities recoveries	-	889,454
Loan servicing fees	80,590	95,447
Gain (loss) on sale of assets	(32,362)	8,852
Other income	263,583	165,637
<b>Total non-interest income</b>	<b>6,832,115</b>	<b>7,576,014</b>
<b>Non-interest expense</b>		
Salaries and employee benefits	4,134,242	4,677,237
Net occupancy expense	587,150	506,142
Equipment expense	1,678,311	1,681,747
Data processing fees	97,092	159,604
Professional fees	586,327	870,464
Marketing expense	218,549	132,787
Printing and office supplies	151,943	165,990
Telephone and communication	451,918	427,554
Postage and delivery expense	376,777	337,993
State, local and other taxes	115,441	161,523
Employee expense	281,682	233,491
FHLB prepayment penalties	-	214,886
Other expenses	485,154	789,587
<b>Total non-interest expense</b>	<b>9,164,586</b>	<b>10,359,005</b>
<b>Income before income tax expense</b>	<b>1,307,811</b>	<b>960,881</b>
Income tax expense	402,275	250,448
<b>Net income</b>	<b>\$ 905,536</b>	<b>\$ 710,433</b>
<b>Earnings per common share:</b>		
Basic	\$ 0.18	\$ 0.14
Diluted	\$ 0.18	\$ 0.14

YOUR DIVIDEND

Your Dividend has been paid  
based upon \$0.08 per share.

Based upon your previous instructions, you will find enclosed either a check for your dividend, a deposit receipt, or a statement showing your dividend being reinvested into Rurban Financial Corp. stock. Should you wish to change this election, please see the "Dividend Reinvestment and Stock Purchase Plan" section of this brochure.

STOCK PERFORMANCE - NASDAQ

Quarter Ending	Trade Price High	Trade Price Low	Closing Price	Div. Paid
12/31/07	\$13.25	\$10.25	\$12.49	\$0.07
09/30/07	\$12.90	\$12.46	\$12.65	\$0.07
06/30/07	\$12.82	\$11.71	\$12.82	\$0.06
03/31/07	\$11.92	\$10.66	\$11.84	\$0.06
12/31/06	\$11.79	\$10.50	\$10.77	\$0.06

QUARTERLY STOCK PERFORMANCE

October 2006 - December 2007

