

DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

We are pleased to announce that Rurban Financial Corp.'s third quarter 2008 earnings were \$1.42 million, or \$0.29 per diluted share. This quarter's earnings were up 64.9% compared to the \$864,000 reported in the third quarter of 2007. In addition, earnings improved by 5.0% above the 2008 second quarter earnings of \$1.36 million, or \$0.28 per diluted share.

Operating income followed a similar improvement pattern as it was up 55.1% compared to the year-ago quarter. Operating income represents our core earnings exclusive of one-time items. One-time items are unique events that impact our profitability, both positively and negatively, but are not recurring from one period to the next. Our operating income for the quarter was \$1.34 million, compared to \$864,000 for the year-ago quarter.

Rurban's Board of Directors approved a quarterly shareholder dividend of \$0.09. This dividend is payable on November 17, 2008 to all shareholders of record on November 3, 2008.

Within our Banking Group, we have significantly improved profitability as current quarter to year-ago-quarter net income improved to \$1.23 million from \$675,000. There were a number of key factors in this improvement. First, we significantly increased our net interest margin to 3.84% from 3.41%, a 12.6% improvement from the year-ago quarter. Second, we have steady loan growth with current quarter over the year-ago quarter loan balances increasing by 3.0%. The message here is that, despite the headlines, we are lending and we do have funds available. While improving these key measures, we were also able to control costs, as banking expenses were essentially unchanged from the year-ago quarter. Our efficiency ratio within the Banking Group improved to 71.13% from 80.52% a year-ago.

The current credit environment is challenging, but we are pleased to report that our asset quality remains stable. Our non-performing assets improved from 1.16% last quarter and 1.14% for the year-ago quarter to 1.07% of total assets for the current quarter.

There have been no significant additions to the problem loan portfolio during the first nine months. As we have previously stated, the organization has no exposure to subprime loans, credit card debt, or impaired investment securities, such as Freddie Mac or Fannie Mae common or preferred stock.

We continue to be pleased with RDSI's contribution to Rurban's performance. RDSI, our Data and Item Processing Group, has been a key component of our successful strategy of diversification and its solid base of fee income has been a strategic and competitive advantage for Rurban, contributing to shareholder value.

RDSI recorded total revenue for the third quarter of 2008 of \$5.29 million, virtually unchanged from the \$5.33 million reported for the year-ago quarter. Net income was also essentially unchanged in the third quarter year-over-year comparison of \$664,000 in 2008, compared with \$659,000 for 2007. As of September 30, 2008, RDSI had 115 banking organizations as clients, with Data Processing services provided to 75 clients and Item Processing to 91 clients. RDSI added one new client in the current quarter, with the conversion set for late fourth quarter 2008.

We continue to maintain a beneficial view for our shareholders when weighing our decisions, and we are even more conscientious and prudent during these turbulent economic market conditions. Your support of Rurban is appreciated, and we believe that your support will be rewarded as we work through these difficult times. We encourage you to review our October 15, 2008 press release located on our website, www.rurbanfinancial.net, which contains additional detailed financial information.

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 or may be obtained from Valda Colbart, Investor Relations Officer, via e-mail at 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 or Valda Colbart, Rurban Financial Corp. at 1-800-273-5820 or 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.



GROWTH AND PROFITABILITY:
OUR PASSION

SHAREHOLDER LETTER &
FINANCIAL HIGHLIGHTS



SEPTEMBER 2008 | 3RD QUARTER

RURBAN FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
September 30, 2008, December 31, 2007 and September 30, 2007

	September 2008 (Unaudited)	December 2007	September 2007 (Unaudited)
ASSETS			
Cash and due from banks	\$ 25,408,171	\$ 15,183,627	\$ 12,859,263
Federal funds sold	-	2,000,000	-
Cash and cash equivalents	25,408,171	17,183,627	12,859,263
Available-for-sale securities	94,436,350	92,661,386	102,759,847
Loans held for sale	1,478,333	1,649,758	-
Loans, net of unearned income	399,910,475	389,268,744	388,264,099
Allowance for loan losses	(4,057,213)	(3,990,455)	(3,936,545)
Premises and equipment, net	15,496,474	15,128,754	15,290,795
Purchased software	5,964,281	4,282,563	4,500,417
Federal Reserve and Federal Home Loan Bank Stock	4,148,400	4,021,200	4,021,200
Foreclosed assets held for sale, net	1,534,207	124,131	64,805
Accrued interest receivable	2,835,552	3,008,968	3,374,265
Goodwill	13,940,618	13,940,618	13,940,618
Core deposits and other intangibles	4,615,084	5,135,228	5,322,647
Cash value of life insurance	12,513,124	12,160,581	12,048,425
Other assets	6,797,920	6,638,895	7,164,456
Total assets	\$ 585,021,776	\$ 561,213,998	\$ 565,674,291
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non interest bearing demand	\$ 40,952,936	\$ 41,541,297	\$ 41,486,691
Interest bearing NOW	60,842,082	54,308,665	51,330,059
Savings	24,402,064	25,320,126	24,314,993
Money Market	74,958,096	61,380,252	62,450,277
Time Deposits	205,299,166	223,480,842	233,570,398
Total deposits	406,454,344	406,031,182	413,152,418
Notes payable	-	922,457	1,025,992
Advances from Federal Home Loan Bank	40,229,923	24,000,000	19,000,000
Fed Funds Purchased	5,000,000	-	4,400,000
Repurchase Agreements	44,553,855	43,006,438	42,566,025
Trust preferred securities	20,620,000	20,620,000	20,620,000
Accrued interest payable	1,575,146	2,532,914	2,409,523
Other liabilities	6,471,375	4,775,773	3,995,977
Total liabilities	524,904,643	501,888,764	507,169,936
Shareholders' Equity			
Common stock	12,568,583	12,568,583	12,568,583
Additional paid-in capital	14,996,187	14,923,571	14,902,827
Retained earnings	34,898,499	32,361,106	31,805,145
Accumulated other comprehensive income (loss)	(944,518)	82,235	(421,721)
Treasury stock	(1,401,618)	(610,260)	(350,480)
Total shareholders' equity	60,117,133	59,325,235	58,504,355
Total liabilities and shareholders' equity	\$ 585,021,776	\$ 561,213,998	\$ 565,674,291



RURBAN FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest income				
Loans				
Taxable	\$ 6,736,100	\$ 7,072,488	\$ 20,567,604	\$ 20,725,807
Tax-exempt	22,125	16,668	63,944	51,211
Securities				
Taxable	1,135,931	1,041,177	3,266,395	3,176,674
Tax-exempt	109,805	169,719	433,970	483,621
Other	17,635	50,288	130,424	163,894
Total interest income	8,021,596	8,350,340	24,462,337	24,601,207
Interest expense				
Deposits	2,258,470	3,497,275	7,973,962	10,212,672
Other borrowings	16,803	32,026	43,792	140,644
Retail Repurchase Agreements	465,452	435,216	1,376,767	1,130,898
Federal Home Loan Bank advances	416,696	268,289	1,096,178	760,534
Trust preferred securities	415,686	456,582	1,273,775	1,352,093
Total interest expense	3,573,107	4,689,389	11,764,474	13,596,842
Net interest income	4,448,489	3,660,951	12,697,863	11,004,365
Provision for loan losses	146,173	140,409	551,388	378,643
Net interest income after provision for loan losses	4,302,316	3,520,543	12,146,475	10,625,723
Non-interest income				
Data service fees	4,947,727	5,004,394	15,161,075	14,467,788
Trust fees	780,726	819,989	2,451,567	2,512,251
Customer service fees	626,008	588,447	1,825,040	1,650,080
Net gain on sales of loans	132,999	128,947	590,747	436,390
Net realized gain on sales of securities	-	-	-	367
Net proceeds from VISA IPO	-	-	132,106	-
Investment securities recoveries	-	-	197,487	-
Loan servicing fees	57,356	27,284	175,516	146,427
Gain on sale of assets	222,815	11,862	151,393	61,839
Other income	221,081	201,920	620,452	754,144
Total non-interest income	6,988,712	6,782,842	21,305,383	20,029,285
Non-interest expense				
Salaries and employee benefits	4,239,578	4,290,961	13,113,999	12,873,072
Net occupancy expense	526,301	514,742	1,603,496	1,547,800
Equipment expense	1,553,188	1,625,762	4,746,533	4,908,311
Data processing fees	120,151	102,292	321,510	372,716
Professional fees	489,910	461,844	1,345,133	1,640,250
Marketing expense	247,120	259,196	584,957	601,979
Printing and office supplies	115,667	130,363	421,405	509,817
Telephone and communication	415,120	446,465	1,258,907	1,329,359
Postage and delivery expense	511,522	392,211	1,649,969	1,168,563
State, local and other taxes	235,647	103,674	602,833	468,590
Employee expense	272,315	266,227	806,298	801,374
Other expenses	552,379	512,663	1,535,564	1,250,192
Total non-interest expense	9,278,898	9,106,400	27,990,604	27,472,023
Income before income tax expense	2,012,130	1,196,984	5,461,254	3,182,984
Income tax expense	588,090	333,384	1,572,034	831,885
Net income	\$ 1,424,040	\$ 863,600	\$ 3,889,220	\$ 2,351,099
Earnings per common share:				
Basic	\$ 0.29	\$ 0.17	\$ 0.79	\$ 0.47
Diluted	\$ 0.29	\$ 0.17	\$ 0.79	\$ 0.47



YOUR DIVIDEND

Your Dividend has been paid
based upon \$0.09 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
09/30/08	\$13.25	\$7.72	\$ 9.00	\$0.09
06/30/08	\$10.96	\$ 9.52	\$ 9.52	\$0.08
03/31/08	\$12.60	\$ 9.79	\$10.24	\$0.08
12/31/07	\$13.25	\$10.25	\$12.49	\$0.07
09/30/07	\$12.90	\$12.46	\$12.65	\$0.07

QUARTERLY STOCK PERFORMANCE

June 2007 - September 2008

