

Rurban Financial Corp.'s first quarter earnings were \$1.11 million, an increase of 58% over the 2007 first quarter earnings of \$702,000. Approximately \$1 million of this net income was core earnings after excluding a number of one-time items totaling just over \$100,000. Overall, we continue to make excellent progress in both our banking and data and item processing business segments, growing both revenue and net income. These earnings allowed Rurban's Board of Directors to approve a quarterly dividend of \$0.08 per share payable on May 16, 2008 to shareholders of record on May 2, 2008.

On the banking side, net interest income is increasing from a combination of growing our loan balances, while maintaining our net interest margin. Loans are up \$18.7 million, or 5.0% over the year-ago quarter, while the net interest margin has been stable. We have grown our loan balances through a combination of market expansion and sales efforts, not at the cost of sacrificing loan quality, or offering below market interest rates. Our growth has come primarily from our strategic expansions into Lima and Toledo, Ohio; Fort Wayne, Indiana and most recently, our Loan Production Office in Columbus, Ohio. This growth was primarily in commercial loans, which now accounts for 65.9% of the loan portfolio.

Our Banking Group increased earnings from \$571,000 for the first quarter of 2007 to \$917,000 for the first quarter of 2008, an increase of 60.6%. Excluding earnings from the one-time net after-tax gains in the first quarter of 2008 and merger-related expenses from 2007, the 2008 first quarter operating earnings were \$881,000 versus \$634,000 in 2007, up \$247,000, or 39.0%.

RDSI, our Data and Item Processing business, continues its growth pattern achieving a record first quarter. RDSI's first quarter net income was \$800,000, compared with \$690,000 in the 2007 first quarter, up \$110,000, or 15.9%. Total revenue for first quarter 2008 was \$5.6 million, an increase of 8.7% above the \$5.2 million reported for the first

quarter 2007.

We closed the quarter for RDSI (including DCM) with four new bank clients, taking our client bank count to 116 banking organizations, 76 Data Processing clients and 92 Item Processing clients in 10 states.

We are encouraged with the financial results of both our banking entity and our data and item processing company, as they are performing well while executing our well-defined 2008 objectives and strategy.

I wish to extend my personal thanks to John Fahl who has been a Board Member since 1996 and helped guide your Company through its challenging times. He is leaving due to the failure of the proposed change in the Company's bylaws, eliminating the automatic retirement age. This bylaw change required over 50% of all available votes instead of the normally required majority of votes cast. Ironically, Mr. Fahl, who exceeded the bylaw age limit, was up for re-election and received over 80% of the votes cast for his reelection. Mr. Fahl received a standing ovation at the April 17th Annual Meeting in thanks for his time, dedication and insight offered generously to the Company.

We will continue our diligent work to maximize growth and profitability for Rurban Financial Corp. and its shareholders. We encourage you to review our April 16, 2008 press release, which contains additional detailed financial information. If you were unable to attend our 25th Annual Shareholder Meeting, the presentation slides have been placed on our Website at [www.rurbanfinancial.net](http://www.rurbanfinancial.net) for your review.

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.



GROWTH AND PROFITABILITY:  
OUR PASSION

SHAREHOLDER LETTER &  
FINANCIAL HIGHLIGHTS

**RFC** RURBAN  
FINANCIAL CORP.

MARCH 2008 | 1ST QUARTER



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

	March 2008 (Unaudited)	December 2007	March 2007 (Unaudited)
<b>ASSETS</b>			
Cash and due from banks	\$ 15,758,593	\$ 15,183,627	\$ 10,627,291
Federal funds sold	6,400,000	2,000,000	6,500,000
Cash and cash equivalents	22,158,593	17,183,627	17,127,291
Interest-earning deposits in other financial institutions	-	-	150,000
Available-for-sale securities	94,378,377	92,661,386	97,148,409
Loans held for sale	2,464,643	1,649,758	110,697
Loans, net of unearned income	391,962,691	389,268,744	373,293,814
Allowance for loan losses	(4,016,230)	(3,990,455)	(3,768,814)
Premises and equipment, net	15,180,760	15,128,754	15,912,493
Purchased software	4,149,202	4,282,563	4,482,113
Federal Reserve and Federal Home Loan Bank Stock	4,062,100	4,021,200	4,040,700
Foreclosed assets held for sale, net	1,572,644	124,131	9,400
Accrued interest receivable	2,752,252	3,008,968	2,820,915
Goodwill	13,940,618	13,940,618	13,690,092
Core deposits and other intangibles	4,961,846	5,135,228	5,683,598
Cash value of life insurance	12,276,003	12,160,581	10,861,017
Other assets	5,889,849	6,638,895	7,323,829
<b>Total assets</b>	<b>\$ 571,733,348</b>	<b>\$ 561,213,998</b>	<b>\$ 548,885,554</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits			
Non interest bearing demand	\$ 41,748,793	\$ 41,541,297	\$ 43,759,627
Interest bearing NOW	59,547,916	54,308,665	47,026,613
Savings	24,289,198	25,320,126	27,738,612
Money Market	72,676,846	61,380,252	61,989,662
Time Deposits	218,449,515	223,480,842	232,078,426
Total deposits	416,712,268	406,031,182	412,592,940
Notes payable	817,584	922,457	2,515,911
Advances from Federal Home Loan Bank	23,000,000	24,000,000	17,500,000
Repurchase Agreements	43,536,570	43,006,438	30,827,195
Trust preferred securities	20,620,000	20,620,000	20,620,000
Accrued interest payable	2,481,629	2,532,914	2,233,625
Other liabilities	4,694,986	4,775,773	4,884,579
<b>Total liabilities</b>	<b>511,863,037</b>	<b>501,888,764</b>	<b>491,174,250</b>
Shareholders' Equity			
Common stock	12,568,583	12,568,583	12,568,583
Additional paid-in capital	14,944,315	14,923,571	14,872,424
Retained earnings	32,956,244	32,361,106	30,808,105
Accumulated other comprehensive income (loss)	432,429	82,235	(537,808)
Treasury stock	(1,031,260)	(610,260)	-
<b>Total shareholders' equity</b>	<b>59,870,311</b>	<b>59,325,235</b>	<b>57,711,304</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 571,733,348</b>	<b>\$ 561,213,998</b>	<b>\$ 548,885,554</b>



RURBAN FINANCIAL CORP.  
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED  
For The Three Months Ended March 31, 2008 and 2007 and December 2007

	First Quarter 2008	Fourth Quarter 2007	First Quarter 2007
<b>Interest income</b>			
Loans			
Taxable	\$ 6,808,196	\$ 7,056,261	\$ 6,676,813
Tax-exempt	21,350	22,240	17,293
Securities			
Taxable	1,039,894	1,106,834	1,091,197
Tax-exempt	158,367	161,830	153,057
Other	97,409	61,257	78,468
<b>Total interest income</b>	<b>8,125,216</b>	<b>8,408,422</b>	<b>8,016,828</b>
<b>Interest expense</b>			
Deposits			
	3,091,902	3,383,225	3,333,730
Other borrowings			
	17,506	25,215	51,072
Retail Repurchase Agreements			
	460,552	484,118	343,849
Federal Home Loan Bank advances			
	302,336	276,492	249,587
Trust preferred securities			
	435,704	456,427	445,314
<b>Total interest expense</b>	<b>4,308,000</b>	<b>4,625,477</b>	<b>4,423,552</b>
<b>Net interest income</b>	<b>3,817,216</b>	<b>3,782,945</b>	<b>3,593,276</b>
Provision for loan losses	192,218	142,663	92,640
<b>Net interest income after provision for loan losses</b>	<b>3,624,998</b>	<b>3,640,282</b>	<b>3,500,636</b>
<b>Non-interest income</b>			
Data service fees			
	5,264,565	4,914,328	4,834,136
Trust fees			
	855,107	873,069	826,382
Customer service fees			
	586,207	593,665	528,424
Net gain on sales of loans			
	274,603	137,611	54,279
Net realized gain on sales of securities			
	-	1,631	-
Net proceeds from liquidation of equity securities			
	132,106	-	-
Investment securities recoveries			
	197,487	-	-
Loan servicing fees			
	62,940	80,590	108,706
Gain (loss) on sale of assets			
	(71,032)	(32,362)	35,967
Other income			
	213,530	263,583	350,848
<b>Total non-interest income</b>	<b>7,515,513</b>	<b>6,832,115</b>	<b>6,738,742</b>
<b>Non-interest expense</b>			
Salaries and employee benefits			
	4,438,764	4,134,242	4,396,787
Net occupancy expense			
	566,016	587,150	527,133
Equipment expense			
	1,567,637	1,678,311	1,605,873
Data processing fees			
	96,567	97,092	156,181
Professional fees			
	570,687	586,327	677,391
Marketing expense			
	181,747	218,549	155,685
Printing and office supplies			
	186,052	151,943	198,092
Telephone and communication			
	421,929	451,918	445,204
Postage and delivery expense			
	602,634	376,777	392,261
State, local and other taxes			
	180,768	115,441	199,741
Employee expense			
	230,611	281,682	255,069
Other expenses			
	557,948	485,154	290,836
<b>Total non-interest expense</b>	<b>9,601,360</b>	<b>9,164,586</b>	<b>9,300,253</b>
<b>Income before income tax expense</b>	<b>1,539,151</b>	<b>1,307,811</b>	<b>939,125</b>
Income tax expense	429,795	402,275	236,672
<b>Net income</b>	<b>\$ 1,109,356</b>	<b>\$ 905,536</b>	<b>\$ 702,453</b>
<b>Earnings per common share:</b>			
Basic	\$ 0.22	\$ 0.18	\$ 0.14
Diluted	\$ 0.22	\$ 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
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
06/30/07	\$12.82	\$11.71	\$12.82	\$0.06
03/31/07	\$11.92	\$10.66	\$11.84	\$0.06

QUARTERLY STOCK PERFORMANCE

January 2007 - March 2008

