

DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

Rurban Financial Corp. reported earnings of \$785,000 or \$0.16 per share, which represents an increase of 10% over the second quarter of 2006 and approximately 12% over the first quarter of 2007. As a result of the continuing improvement in earnings, the Board of Directors approved an increase in the quarterly dividend from \$0.06 to \$0.07. This dividend will be paid on August 17, 2007 to shareholders of record as of August 3, 2007.

We continue to make progress on improving the profitability of Rurban Financial Corp. Part of this improvement is completion of the expense reductions that were put into place at the end of the first quarter of 2007. We expect that these reductions will result in savings of approximately \$1.8 million over the course of the year. We benefited from some of these reductions in the second quarter, and the remainder will be realized as we progress during the third and fourth quarters of this year.

The banking segment and the data processing segment of Rurban Financial Corp. continue to make individual progress. The State Bank and Trust Company increased its loans during the first six months on an annualized basis of 8.4%. This represents an improvement over the first quarter rate of growth primarily due to a focus during the first quarter on the merger of The Exchange Bank and the trust company, Reliance Financial Services, into The State Bank and Trust Company. Expenses for the Bank also decreased by \$261 thousand in the second quarter when compared to the first quarter, while the Bank's profitability improved by \$210 thousand. Non-performing assets increased by \$1.9 million due primarily to three commercial credits which were reserved during the quarter, and no additional losses from these loans are expected over the amount reserved.

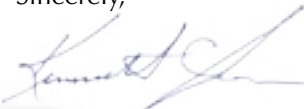
The interest rate margin continues to be a major area of concern for banking, and The State Bank and Trust Company is not immune. We were able to improve the margin over the first quarter at the bank level by 11 basis points, increasing it to 3.56%. These

improvements occurred primarily from the portfolio restructuring efforts which are on-going. We are taking our investment portfolio and liquidating it as opportunities are presented to pay off high-cost funding vehicles, and to fund loan growth at rates higher than the liquidated investment portfolio. We are in the process of bringing our investment portfolio into line as a percentage of our overall assets compared to our peers.

RDSI continued its pattern of profitable growth as its net income improvement over the quarter one year ago was \$25 thousand with a revenue increase of \$1.3 million. The revenue increase was primarily due to the acquisition of DCM which occurred in September of 2006, and is therefore not in the year-ago quarterly comparisons. We are working on restructuring within DCM, and that restructuring will take several quarters before we obtain the return we feel appropriate for this acquisition. The pipeline for RDSI remains strong with seven to eight conversions yet to occur in the last two quarters of this year. Sales activity remains consistent and it appears at this time that 2008 sales will continue to be solid.

Overall, Rurban Financial Corp. had a solid earnings quarter and groundwork has been laid to continue that improvement. As previously mentioned, we are pleased that the net income improvements have allowed the Board of Directors to declare an increased dividend.

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.

A clear DIRECTION



JUNE 2007
2ND QUARTER

SHAREHOLDER LETTER &
FINANCIAL HIGHLIGHTS

RURBAN FINANCIAL CORP. FINANCIAL HIGHLIGHTS

CONSOLIDATED BALANCE SHEETS
June 30, 2007 and December 31, 2006

	June 2007 (Unaudited)	December 2006
ASSETS		
Cash and due from banks	\$ 12,120,732	\$ 13,381,791
Federal funds sold	-	9,100,000
Cash and cash equivalents	12,120,732	22,481,791
Interest-earning deposits in other financial institutions	-	150,000
Available-for-sale securities	93,376,749	102,462,075
Loans held for sale	389,900	390,100
Loans, net of unearned income	381,661,661	370,101,809
Allowance for loan losses	(3,824,445)	(3,717,377)
Premises and equipment, net	15,710,869	15,449,774
Purchased software	4,639,198	4,618,691
Federal Reserve and Federal Home Loan Bank Stock	4,040,700	3,993,450
Foreclosed assets held for sale, net	83,891	82,397
Accrued interest receivable	2,971,082	3,129,774
Goodwill	13,690,092	13,674,058
Core deposits and other intangibles	5,503,122	5,858,982
Cash value of life insurance	10,953,313	10,771,843
Other assets	6,883,346	6,559,886
Total assets	\$ 548,200,210	\$ 556,007,253
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Demand	\$ 41,255,495	\$ 46,565,554
Savings, interest checking and money market	140,774,725	130,267,333
Time	225,554,636	237,722,558
Total deposits	407,584,856	414,555,445
Notes payable	1,126,860	2,589,207
Advances from Federal Home Loan Bank	21,000,000	21,000,000
Fed Funds Purchased	1,000,000	-
Repurchase Agreements	33,116,993	32,270,900
Trust preferred securities	20,620,000	20,620,000
Accrued interest payable	2,121,446	2,224,413
Other liabilities	4,280,560	5,792,135
Total liabilities	490,850,715	499,052,100
Shareholders' Equity		
Common stock	12,568,583	12,568,583
Additional paid-in capital	14,882,083	14,859,165
Retained earnings	31,291,504	30,407,298
Accumulated other comprehensive loss	(1,243,475)	(879,893)
Treasury stock	(149,200)	-
Total shareholders' equity	57,349,495	56,955,153
Total liabilities and shareholders' equity	\$ 548,200,210	\$ 556,007,253

CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
For The Second Quarter Ended June 30, 2007 and 2006

	Second Quarter 2007	Second Quarter 2006
Interest income		
Loans		
Taxable	\$ 6,976,506	\$ 6,043,057
Tax-exempt	17,250	15,157
Securities		
Taxable	1,044,300	1,333,858
Tax-exempt	160,845	136,570
Other	35,138	14,046
Total interest income	8,234,039	7,542,688
Interest expense		
Deposits	3,381,667	2,556,180
Other borrowings	57,546	26,148
Retail Repurchase Agreements	351,833	159,276
Federal Home Loan Bank advances	242,658	533,845
Trust preferred securities	450,197	436,776
Total interest expense	4,483,901	3,712,225
Net interest income	3,750,138	3,830,463
Provision for loan losses	145,594	56,321
Net interest income after provision for loan losses	3,604,544	3,774,142
Non-interest income		
Data service fees	4,629,258	3,286,586
Trust fees	865,880	792,227
Customer service fees	533,209	542,687
Net gain on sales of loans	174,168	71,664
Net realized gains on sales of available-for-sale securities	367	-
Loan servicing fees	89,432	117,785
Gain on sale of assets	14,010	78,558
Other income	201,376	378,745
Total non-interest income	6,507,700	5,268,252
Non-interest expense		
Salaries and employee benefits	4,185,324	3,795,252
Net occupancy expense	505,925	425,918
Equipment expense	1,676,676	1,347,634
Data processing fees	114,243	119,368
Professional fees	501,015	524,902
Marketing expense	187,098	242,498
Printing and office supplies	181,362	173,361
Telephone and communication	437,690	407,648
Postage and delivery expense	384,091	122,267
State, local and other taxes	165,175	190,436
Employee expense	280,078	260,523
Other expenses	446,693	470,068
Total non-interest expense	9,065,370	8,079,875
Income before income tax expense	1,046,874	962,519
Income tax expense	261,829	248,996
Net income	\$ 785,045	\$ 713,523
Earnings per common share:		
Basic	\$ 0.16	\$ 0.14
Diluted	\$ 0.16	\$ 0.14

DIVIDEND AND STOCK PERFORMANCE

YOUR DIVIDEND

Your Dividend has been paid
based upon \$0.07 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

Quarter Ending	Trade Price High	Trade Price Low	Closing Price	Div. Paid
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
09/30/06	\$12.00	\$10.82	\$11.92	\$0.05
06/30/06	\$12.44	\$10.90	\$11.00	\$0.05

QUARTERLY STOCK PERFORMANCE

April 2006 - June 2007

