





Executive Management Team Left to Right

Timothy J. Baroni Community President, Copper Country

Roxanne M. Daust Senior Vice President & Chief Financial Officer Kenneth A. Palmer Chairman, President & CEO

William D. Edberg Community President, Dickinson County Robert W. Martin Executive Vice President

Where U.P. Business Banks.

Business in Michigan's Upper Peninsula today is anything but business as usual. While small, family-owned businesses are still common, emerging companies focused on technology and service industries are growing in number. Business owners, attracted by our area's beauty and close-knit communities, are leveraging the advantages of the Digital Age to conduct business on national and even international levels. National companies also maintain a presence here and many more are eyeing the potential of all our area has to offer. Clearly, the Upper Peninsula has a growingly diverse and vibrant business community. And Range Bank is helping to power this growth.

When it comes to doing business in the U.P., more companies work with Range Bank. And it's easy to see why. We have 13 branches conveniently located throughout the central Upper Peninsula. We offer all the resources of a larger, nationwide bank with the friendly, personal service you'd expect from a bank that has served local communities for 122 years. Our customers are more than customers—they're friends and neighbors. In short, we know what it takes to build a growing business here. And we're committed to the success of each and every customer.

Kelli Hendrickson Harvey Branch Manager



A Letter to Our Shareholders

On behalf of your Board of Directors, we are pleased to present the 2008 Annual Report to the shareholders of Range Financial Corporation, the holding company for Range Bank.

Range Bank was chartered 122 years ago in 1887 and has remained a strong and growing bank with assets of nearly \$235 million on December 31, 2008. Today the bank has 13 banking offices and 13 ATMs located in Marquette, Dickinson and Houghton counties.

I am pleased to report that the financial performance of Range Financial Corporation was solid for the year 2008, with net income and assets continuing to meet our expectations. For the full year 2008 net income was \$1,903,000, which is the fifth consecutive year that net income has been \$1,900,000 or greater. The book value of your shares reached \$112.70 per share at year end, an increase of nearly \$7 per share for the year or 6.4%. In recognition of this solid financial performance, the dividend was increase by 5% in the fourth quarter of 2008 to an annual dividend of \$4.20 per share.

There has been a great deal of news regarding problem assets and losses at many banks across the country. I am pleased to report the Board of Directors and management team have stood firm in our bank's philosophy and commitment to serve our communities in a sound and responsible way and as a result we continue to maintain a strong capital base and our asset quality is excellent.

Range Bank continues to be a very active lender to businesses and individuals with our total loans growing from \$149 million to over \$163 million during the past year, an increase of 9%. With the low interest rate environment we are off to a great start in 2009 and if this trend continues, I would expect to far exceed last year's loan growth.

In 2008 former Bank President Jerry Junak retired as Chairman and Director of both the bank and holding company boards. Jerry dedicated over 50 years of service to Range Bank and we will greatly miss his experience and counsel. We wish Jerry all the best in his years of retirement.

The growth of our Marquette City office, which was opened in 2001, has far exceeded our expectations.

During 2008 we completed a 1,400-square-foot expansion project that provided the space necessary to continue our growth in the Marquette Region.

It has been a pleasure to serve our shareholders during 2008. On behalf of the directors, management and staff of the corporation and bank, we thank you for your continued support and hope to see you at the Annual Meeting of Shareholders on May 19, 2009. If you have any questions or comments, please feel free to contact me at (906) 475-4151 or email me at kapalmer@rangebank.com.

Sincerely,



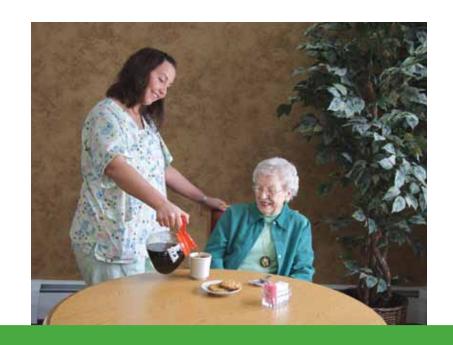


Mill Creek Assisted Living Community Marquette

When the developers of Mill Creek were looking for a banking partner to help finance their new, state-of-the-art assisted living development, the choice was obvious. "We believe in working within our community," states L.R. Swadley, Mill Creek developer. "We wanted to work with someone who understood who we are, what we do, and believed in the project. We chose Range Bank." Working with Range Bank, Swadley and his partners opened the \$4.2 million, 33,500-square-foot private facility on April 1, 2008. Mill Creek features 38 private, well-appointed suites. "It's all about the people at Range Bank," explains Swadley. "They take to time to know us and our business and what we need. It's a real community partnership."

Mill Creek Assisted Living Community, Left to Right: Melissa A. Hinkson, Lynn R. Swadley, Terry L. Jutila (Range Bank) & Jerold S. Napier, M.D.

"It's all about the people at Range Bank. They take the time to know us and our business. It's a real community partnership."



US Special Delivery, standing, Left to Right: Lynne Reed, Todd Colenso, Dana Colenso Seated: Terry Reed



US Special Delivery, Inc. Iron Mountain

US Special Delivery, Inc. is a company on the move. The company provides "specialized" services including: Logistics, Dedicated Delivery, Truckload, Air Freight and more. They need a bank that can keep up with them. Today, that bank is Range Bank. "Range has helped us with several of our large equipment purchases," explains Terry Reed, company president. "Their people are very service-minded and understand our business. There's a lot of trust between us." US Special Delivery previously financed a lot of its equipment through finance companies that specialized in these types of loans. Today, they work with Range Bank.

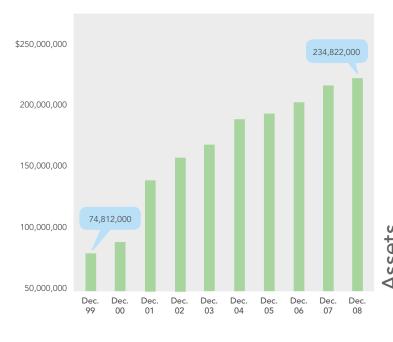
"Range Bank is so easy to work with, even as the industry and economy changes. They're large enough to meet our capital needs, but small enough to keep that personal touch."





Solid. Safe. Smart. Meet the Range Business Banking Team.

For 122 years, Range Bank has followed the same philosophy: Explore the best opportunities. Invest in the best people. Today, this philosophy is serving us and our customers well, especially in this challenging economy. At Range Bank, we have deliberately avoided risky business practices. We have stuck with tried-and-true investment strategies. Most importantly, we confidently rely on the experience and good business sense of the Range Bank team.





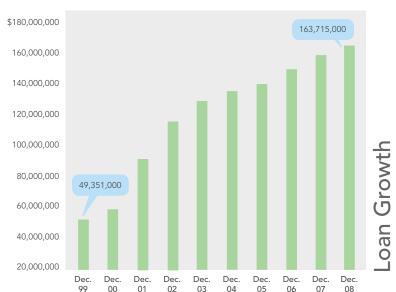
At Range Bank, our people truly make the difference. Our business banking team averages over 23 years of banking experience per person. Combined, our team has almost 500 years of experience serving the people and businesses of our area. In short, no one rivals our banking expertise or our commitment to our communities.

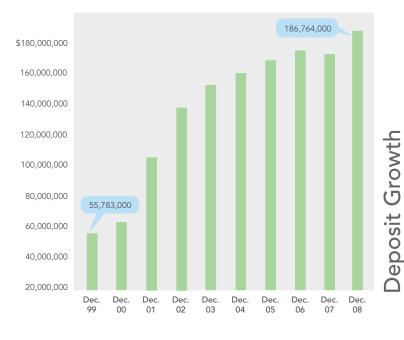
Range Business Banking Team, Left to Right: Jack Lenten, Chris DeRoche, Kristy Sibilsky, Bill Edberg, Terry Jutila, Jamey Markham & Tim Baroni



Since 1999, Range Financial Corporation has experienced growth in all five categories.

Assets	+213.9%
Net Income	+128.2%
Deposit Growth	+234.8%
Loan Growth	+231.7%
Book Value	+93.8%







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Financial Statements

Combined Statement of Condition (unaudited)

December 31,	2008	2007
ASSETS		
Cash and Due from Banks	\$ 7,358,000	\$ 7,651,000
Investment Securities		
Held to Maturity	-	-
Available for Sale (Stated at Fair Value)	53,932,000	52,161,000
Federal Funds Sold and Securities	1,500,000	
Purchased Under Agreements to Resell	-	-
Loans, Net of Unearned Income	163,715,000	150,974,000
Allowance for Possible Loan Loss	(1,630,000)	(1,612,000)
Loans, Net	162,085,000	149,362,000
Bank Premises, Furniture and Equipment	6,061,000	5,596,000
Real Estate Owned Other than Bank Premises	108,000	539,000
Goodwill	1,772,000	1,772,000
All Other Assets	2,006,000	2,171,000
TOTAL ASSETS	\$234,822,000	\$219,252,000

LIABILITIES

Total Deposits	\$ 186,764,000	\$ 176,515,000
Total Demand Deposits	78,821,000	76,858,000
Total Time and Savings Deposits	107,943,000	99,657,000
All Other Liabilities	27,683,000	23,755,000
TOTAL LIABILITIES	\$214,447,000	\$200,270,000
(Excluding subordinated notes and debentures)		

EQUITY CAPITAL

Common Stock (\$1 Par Value)		
1,000,000 Shares Authorized, 177,825 Shares Outstanding	\$ 179,000	\$ 178,000
Capital in Excess of Par	4,852,000	4,737,000
Retained Earnings	15,106,000	13,925,000
Unrealized Gain (Loss) on Securities Available for Sale	238,000	142,000
TOTAL EQUITY CAPITAL	\$20,375,000	\$18,982,000

\$234,822,000	\$219,252,000
¢1 250 712	\$1,178,712
	\$234,822,000 \$1,259,712

Combined Statement of Income

December 31,	2008	2007
INTEREST INCOME		
Interest and Fees on Loans	\$ 11,422,000	\$ 11,617,000
Interest on Investment Securities		
Taxable	1,261,000	1,069,000
Tax-exempt	1,050,000	1,328,000
Other Interest Income	-	-
TOTAL INTEREST INCOME	\$13,733,000	\$14,014,000
INTEREST EXPENSE		
Interest Expense on Deposits	\$ 4,298,000	\$ 5,764,000
Interest Expense on Borrowings	1,094,000	676,000
TOTAL INTEREST EXPENSE	\$5,392,000	\$6,440,000
Net Interest Income	\$ 8,341,000	\$ 7,574,000
Provision for Loan Losses	(290,000)	(180,000)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$8,051,000	\$7,394,000
OTHER INCOME		
Service Charges	\$ 454,000	\$ 515,000
Other Operating Income	560,000	604,000
TOTAL OTHER INCOME	\$1,014,000	\$1,119,000
OPERATING EXPENSES		
Salaries and Employee Benefits	\$ 3,973,000	\$ 3,531,000
Occupancy	582,000	561,000
Other Operating Expenses	2,185,000	1,958,000
TOTAL OPERATING EXPENSES	\$6,740,000	\$6,050,000
OPERATING EXPENSES		
Income Before Provision for Income Taxes	\$ 2,325,000	\$ 2,463,000
Provision for Income Taxes	(423,000)	(501,000)
Income Before Other Gains and Losses	1,902,000	1,962,000
Security Gains (Losses)	1,000	(16,000)
Extraordinary Gains (Losses)	-	-
NET INCOME	\$1,903,000	\$1,946,000
EARNINGS PER COMMON SHARE	\$10.65	\$10.94

5 Year summary (in thousands of dollars, except per share data)

except per share data)	2008	2007	2006	2005	2004
AT YEAR END	2000	2007	2000	2003	2004
Total Assets	\$234,822	\$219,252	\$207,663	\$197,964	\$192,045
Total Deposits	186,764	176,515	177,582	170,126	160,655
Net Loans	162,085	149,362	140,887	135,100	130,201
Investments	55,432	52,161	51,152	47,174	42,702
Capital Funds	20,375	18,982	17,616	16,306	15,372
'					
EARNINGS					
Operating Income	\$14,748	\$15,133	\$14,151	\$12,322	\$11,459
Operating Expense	12,422	12,686	11,620	9,768	8,922
Income Tax Expense	423	501	549	584	637
Net Income	1,903	1,946	1,982	1,970	1,900
Return on Average Assets	0.84%	0.91%	0.98%	1.01%	1.02%
Return on Average Equity	8.91%	9.86%	10.68%	11.16%	11.66%
PER SHARE DATA					
Net Income	\$10.65	\$10.94	\$11.01	\$10.94	\$10.55
Cash Dividends	4.05	4.00	4.00	3.18	3.18
Book Value	\$112.70	\$105.95	\$99.12	\$92.06	\$84.27
			Unrealized Gain(Loss) on Securities		Total
					iotai
Reconciliation of	Common	Retained	on	Securities	Stockholders
Equity Capital Accounts	Common Stock	Retained Earnings	on		
Equity Capital Accounts BALANCE	Stock	Earnings	on	Securities le for Sale	Stockholders Equity
Equity Capital Accounts BALANCE DECEMBER 31, 2007		Earnings \$13,924,760	on	Securities	Stockholders Equity \$18,981,682
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income	Stock	Earnings	on	Securities le for Sale	Stockholders Equity
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared	Stock	\$13,924,760 1,902,602	on	Securities le for Sale	\$18,981,682 1,902,602
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share	Stock \$4,915,212	Earnings \$13,924,760	on	Securities le for Sale	\$18,981,682 1,902,602 (721,330)
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares	\$4,915,212 120,359	\$13,924,760 1,902,602	on	Securities le for Sale	\$18,981,682 1,902,602 (721,330) 120,359
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding	Stock \$4,915,212	\$13,924,760 1,902,602	on	Securities le for Sale	\$18,981,682 1,902,602 (721,330)
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss)	\$4,915,212 120,359	\$13,924,760 1,902,602	on	Securities le for Sale	\$18,981,682 1,902,602 (721,330) 120,359
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale	\$4,915,212 120,359	\$13,924,760 1,902,602	on	Securities le for Sale	\$18,981,682 1,902,602 (721,330) 120,359
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred	\$4,915,212 120,359	\$13,924,760 1,902,602	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes	\$4,915,212 120,359 (4,995)	\$13,924,760 1,902,602 (721,330)	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
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Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes Balance, December 31, 2008	\$4,915,212 120,359 (4,995)	\$13,924,760 1,902,602 (721,330)	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes Balance, December 31, 2008 Reconciliation of	\$4,915,212 120,359 (4,995) \$5,030,576	\$13,924,760 1,902,602 (721,330) \$15,106,032	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
Equity Capital Accounts BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes Balance, December 31, 2008 Reconciliation of Reserve for Bad Debt	\$4,915,212 120,359 (4,995) \$5,030,576	\$13,924,760 1,902,602 (721,330) \$15,106,032	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes Balance, December 31, 2008 Reconciliation of Reserve for Bad Debt Balance Beginning of Period	\$4,915,212 120,359 (4,995) \$5,030,576 2008 \$1,612,000	\$13,924,760 1,902,602 (721,330) \$15,106,032 2007 \$1,646,000	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)
BALANCE DECEMBER 31, 2007 Net Income Cash Dividends Declared \$4.00 Per Share Issuance of Shares Acquisition of Shares Outstanding Change in Unrealized Gain (Loss) Securities Available-for-Sale Net of Application Deferred Deferred Income Taxes Balance, December 31, 2008 Reconciliation of Reserve for Bad Debt Balance Beginning of Period Recoveries Credited to Reserve	\$4,915,212 120,359 (4,995) \$5,030,576 2008 \$1,612,000 31,000	\$13,924,760 1,902,602 (721,330) \$15,106,032 2007 \$1,646,000 33,000	on	Securities le for Sale \$141,710	\$18,981,682 1,902,602 (721,330) 120,359 (4,995)

RANGE FINANCIAL CORPORATION

Board of Directors

Peter W. Frazier, Chairman, FRACO, Inc.

Anita A. Johns, Owner, Holiday Travel & Cruise

Allan L. Koskey, President, Koskey Funeral Home

Anthony N. Kroncich, CPA, President, Kroncich & Associates

Peter A. LaFreniere, DDS, Dental Practice

John F. Marshall, Retired, Lake Superior & Ishpeming Railroad Co.

Kenneth A. Palmer, Chairman, President & CEO

John F. Pillote, M.D., Retired, Marquette Radiology Associates

Paul R. Symons, President, Symons Hardware

William C. Verrette, Chairman & CEO, Champion, Inc.

Karl A. Weber, Partner, Plunkett & Cooney Law Firm

Officers

Kenneth A. Palmer, Chairman, President & CEO

Roxanne M. Daust, Treasurer

John W. Lenten, Secretary

Linda M. Turri, Assistant Secretary

Thirty Years of Making a Difference.

Range Bank is pleased to honor these employees for their 30 years of service to the customers of Range Bank.



RANGE BANK, N.A.

Board of Directors

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Allan L. Koskey, President, Koskey Funeral Home

Anthony N. Kroncich, CPA, President, Kroncich & Associates

Janet R. Kuru, Retired CEO, Range Bank-Copper Country

Peter A. LaFreniere, DDS, Dental Practice

Anthony P. Locatelli, Co-Owner; Locatelli Construction Co.

John F. Marshall, Retired, Lake Superior & Ishpeming Railroad Co.

Kenneth A. Palmer, Chairman, President & CEO

John F. Pillote, M.D., Retired, Marquette Radiology Associates

Bruce A. Rukkila, Owner, Bruce Rukkila, CPA PC

Paul R. Symons, President Symons Hardware

Stephen D. Vairo, President, Calumet Electronics Corp.

William C. Verrette, Chairman & CEO, Champion, Inc.

Karl A. Weber, Partner, Plunkett & Cooney Law Firm

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Robert W. Martin, Executive Vice President

Roxanne M. Daust, Senior Vice President & Chief Financial Officer

Timothy J. Baroni, Community Bank President - Copper Country

William D. Edberg, Community Bank President - Dickinson County

Terry L. Jutila, Senior Vice President

Christopher H. DeRoche, Vice President

Charlotte L. Gaudreau, Vice President

Kelly L. Jandron, Vice President

Angela M. Knauss, Vice President

John W. Lenten, CPA, Vice President

James P. Markham, Jr., Vice President

Sally L. Shaver, Vice President

Kristy M. Sibilsky, Vice President

Paula A. Rasanen, Assistant Vice President

Linda M. Turri, Assistant Vice President

Patricia S. Couvion, Training & Security Officer

Kelli J. Hendrickson, Branch Manager

Cheryl L. O'Brien, Branch Manager

David A. Varda, Deposit Services Manager

30-year Employees

Standing, Left to Right: Paula Rasanen, Ann Mahr & Mary Rose Seated Left to Right: Linda Turri, Carol O'Brien & Bonnie Howe

CORPORATE OFFICE

Range Financial Corporation

P.O. Box 668 350 Iron Street Negaunee, MI 49866 (906) 475-4151

www.rangebank.com

RANGE BANK OFFICES

Marquette County Region

Marquette

Marquette Township Negaunee Main Office Negaunee Pellow

Harvey Palmer

Koski Korners

Copper Country Region

Calumet Avenue
Calumet Downtown

Houghton Lake Linden

Dickinson County Region

Kingsford Quinnesec

Front Cover
Left to Right

Jamey Markham, William Edberg, Kristy Sibilsky & Robert Martin

Photography by

Tom Buchkoe

Range Bank is a wholly-owned subsidiary of Range Financial Corporation and is locally owned and managed to best serve the needs of the families and businesses in the communities it serves.