

DIRECTORS AND OFFICERS

Directors

Steven D. VanDemark, Chairman of the Board
General Manager
The Defiance Publishing Company

Thomas A. Buis
Insurance Consultant
Retired President Spencer-Patterson Insurance

Thomas M. Callan
Retired President
Defiance Stamping Company

John R. Compo
Chairman and President
Compo Corporation

John Fahl
Retired
Cooper Tire and Rubber Company

Robert A. Fawcett, Jr.
Insurance Agent
Fawcett, Lammon, Recker and
Associates Ins. Agency Inc.

Richard L. Hardgrove
Retired President and Chief Executive Officer
Sky Bank
Retired Deputy Superintendent of Banks, Ohio

Kenneth A. Joyce
President
Chief Executive Officer
Rurban Financial Corp.

Rita A. Kissner
Downtown Development Manager
Defiance Development and Visitors Bureau
Retired Mayor of Defiance

Thomas L. Sauer
President
City Beverage Company

J. Michael Walz, D.D.S.
Defiance Dental Group

Investor Relations

Valda L. Colbart
Assistant Vice President
Executive Assistant and
Investor Relations Officer

Officers

Rurban Financial Corp.

Kenneth A. Joyce
President
Chief Executive Officer

Duane L. Sinn
Executive Vice President
Chief Financial Officer

The State Bank and Trust Company

Mark A. Klein
President
Chief Executive Officer

David A. Anderson
Regional President
Lima/Allen County Market

David A. Boyd
Executive Vice President
Commercial Real Estate Manager

Jonathan R. Gathman
Executive Vice President
Senior Lender

The Exchange Bank

Henry R. Thiemann
President
Chief Executive Officer

Michael D. Bogdan
Executive Vice President
Senior Lender

Reliance Financial Services, N.A.

Craig A. Kuhlman
President
Chief Executive Officer

David A. Bell
Executive Vice President
Trust Support Manager

RDSI Banking Systems

Kenneth A. Joyce
Chairman
Chief Executive Officer

John D. Weimerskirk
President

James M. Bremer
Executive Vice President
Chief Information Officer

Jon A. Brenneman
Executive Vice President
Chief Marketing Officer

Kurt A. Kratzer
Executive Vice President

Gary A. Saxman
Executive Vice President
Chief Operating Officer

RFCBC, Inc.

Henry R. Thiemann
President
Chief Executive Officer

DCM

William C. Brandt
President



SHAREHOLDER LETTER AND FINANCIAL HIGHLIGHTS

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4TH
QUARTER



DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

2006 was a successful year for Rurban as we continued on our path of growth and improved profitability. We are pleased to report that Rurban achieved its fourth consecutive quarter of core earnings and revenue growth. Net income was \$710,000, or \$0.14 per share for the fourth quarter of 2006; this compares to a fourth quarter loss last year of \$344,000. For fiscal year 2006, Rurban reported net income of \$2.8 million, or \$0.55 per diluted share, substantially above net income of \$673,091, or \$0.15 per diluted share, reported in 2005. All of Rurban's operations contributed to this improvement: The Banking Group, namely, The State Bank and Trust Company and The Exchange Bank; Reliance Financial Services, N.A., our trust and investment business; and RDSI, our data processing subsidiary.

The Board of Directors authorized a \$0.06 per share dividend at its meeting on January 24, 2007. This dividend will be paid on February 23, 2007 to shareholders of record as of February 9, 2007.

The Banking Group reported loan, deposit, and profit growth in the fourth quarter and for the entire year. For FY 2006, net income was \$1.9 million compared with \$133,000 for 2005, derived from a combination of loan growth, up \$43.1 million or 13.2%, and deposit growth, up \$29.7 million or 7.7%, as well as a \$5.0 million reduction in problem assets.

In the fourth quarter, we took several steps to strengthen bank earnings going forward, including:

- Restructuring the Banking Group's balance sheet through a sale of \$17.5 million of investment securities and repayment of \$9.5 million of borrowings. This resulted in an after-tax charge of \$474,000, which should be offset by an ongoing improvement in our net interest margin, beginning in 2007.
- An announcement of the planned merger of Reliance Financial Services, N.A. and The Exchange Bank, our recently acquired community bank, into The State Bank and Trust Company, subject to regulatory approval. An after-tax charge of \$187,000 for this merger was recorded during the fourth quarter.
- Obtaining approval and opening a Fort Wayne, Indiana Banking Office on January 2, 2007. State Bank and Trust had opened a Loan Production Office in Fort Wayne in late 2005 and its success has resulted in the expansion to a full-service banking office.

- The sale of \$1.4 million of non-performing loans; this action contributed to the reduction of non-performing assets at year-end 2006 to \$3.9 million, or 0.70% of total assets, from \$8.9 million, or 1.67% of total assets, at year-end 2005.

We also announced the following events, both of which had a positive impact on Banking Group income:

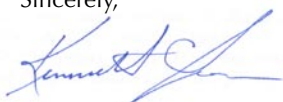
- Recovery of \$587,000 after-tax of WorldCom bond losses incurred in 2002.
- A gain of \$488,000 after-tax from the sale of our \$3.7 million credit card portfolio. This reduces a substantial exposure and also will enable us to reinvest in commercial loans in our local markets.

Our trust and investment subsidiary, Reliance Financial Services, had an excellent year. Trust fees increased 3.6%, and income rose 12.2% to \$715,000. Results were aided by one-time fee income of \$104,000 associated with a third-party servicing contract.

At year-end, RDSI was providing data and item processing for over 100 community banks. Fee income grew \$2.3 million, or 18.1%, to \$15.0 million for fiscal year 2006, and earnings increased 21.3%, to \$2.1 million. The majority of the increase was due to growth of RDSI's core business, as well as additional fee income from DCM, an item processing company acquired September 2, 2006. This acquisition was immediately accretive to earnings, and continues to meet expectations.

We have made considerable progress this past year, transforming Rurban into a more profitable organization. We encourage you to review our January 24, 2007 press release which provides additional information. We also invite you to our Annual Meeting on April 19, 2007 in Defiance; additional information will be forthcoming within the next several weeks. We are optimistic about our prospects for 2007 and beyond as we continue the initiatives we started last year to enhance the efficiency of our banking organization, and improve our profitability.

Sincerely,



Kenneth A. Joyce
President and CEO

RURBAN FINANCIAL CORP. FINANCIAL HIGHLIGHTS

Three Months
Ended
December 31, 2006

Three Months
Ended
December 31, 2005

INCOME STATEMENT DATA (IN THOUSANDS)

Net interest income	\$3,584	\$3,147
Non-interest income	\$7,576	\$4,477
Non-interest expense	\$10,359	\$7,632
Net income	\$710	\$(344)
Weighted avg. shares outstanding	5,027	4,571

COMMON PER SHARE DATA

Earnings per share	\$0.14	\$(0.08)
Period-end book value	\$11.33	\$10.83

END OF PERIOD BALANCE SHEET DATA (IN THOUSANDS)

Total assets	\$556,007	\$530,542
Loans, net of unearned income	\$370,102	\$327,048
Deposits	\$414,555	\$384,838

STOCK PERFORMANCE

Quarter Ending	Trade Price		Closing Price
	High	Low	
12/31/06	\$11.79	\$10.50	\$10.77
09/30/06	\$12.00	\$10.82	\$11.92
06/30/06	\$12.44	\$10.90	\$11.00
03/31/06	\$13.00	\$11.16	\$12.42
12/31/05	\$13.01	\$11.50	\$11.78

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 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.rtco.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.