

OFFICERS AND DIRECTORS

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
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
Investor Relations

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
Fort Wayne Loan Production Office

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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QUARTER



DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

I am pleased to report that our financial performance continues to improve on a quarterly basis. Rurban Financial Corp. earned \$814 thousand this past quarter compared to \$714 thousand in the second quarter of this year. Compared to the year-ago quarter, net income is up \$322 thousand or 65%. The income growth was accomplished through revenue growth in our non-banking segments, loan growth in our banking segments, and control of expenses.

The Board of Directors also declared a dividend of \$0.06 per share to be paid November 17, 2006 to shareholders of record as of November 6, 2006. This is a 20% increase in the dividend recognizing the improved earnings level.

The banking segment continued its loan growth with loans up \$37.3 million or 11.4% since the end of last year. This is all organic loan growth as the acquisitions made by Rurban were completed by year-end 2005. This loan growth, while very positive, was offset by declining margins. Our net interest margin declined from 3.25% to 3.10% during the quarter due to higher funding costs for deposits. This funding cost issue is primarily driven by the flat to sometimes inverted yield curve that is causing virtually all banks to have decreasing margins.

We are encouraged with the progress that our banking segment is making. The Exchange Bank's profit is improving each quarter due to its loans growing by 9.5% since the beginning of the year and stringent expense control. It was announced during the third quarter that we would be closing one of the branch offices to improve Exchange Bank's cost structure relative to its asset size.

The State Bank and Trust Company continues to improve with its aggressive and talented management team. We announced the planned opening of a branch office on the North side of Fort Wayne, Indiana. This is the location of our Loan Production Office, which was opened at the beginning of this year and has shown excellent loan growth. The Loan Production Office will be consolidated into the new branch office pending regulatory approval and issues customary to any purchase agreement.

The Lima branch purchase is meeting our projection of contributing to profit, and it has also been a major contributor to Rurban's overall loan growth.

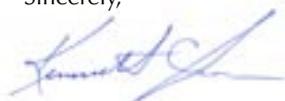
Our asset quality has improved substantially from the year-ago quarter as the percentage of non-performing assets to total assets declined from 3.43% to 1.07%. This percentage was stable from the past quarter with no change, ending the quarter at 1.07%.

The trust and investment company, Reliance Financial Services, continued its solid performance and contribution to profit. It had a significant one-time income item for the quarter as it discontinued a business segment and collected one-time termination fees.

The data processing company, RDSI, had a very positive quarter with revenue and profits up significantly. From the year-ago quarter, revenue was up 21.9% and net income was up 64%. The announced acquisition of DCM was completed in the third quarter at the beginning of September. The DCM numbers were included for one month of operation, and the acquisition was a positive contributor to net income in its first month. The integration of this new company appears to be going very well, and we expect DCM to continue to be a positive contributor into the future.

Rurban continues to make solid progress as the strategic decisions and acquisitions are having positive impact on earnings and diversifying our earnings sources. We look forward to sharing our progress with you on a quarterly basis. I would also encourage you to listen in to our live quarterly Webcasts. If you miss the webcasts, they are recorded and available for a period of time at our website, www.rurbanfinancial.net, as is much more information about your company.

Sincerely,



Kenneth A. Joyce
President and CEO

RURBAN FINANCIAL CORP.
FINANCIAL HIGHLIGHTS

Three Months Ended
September 30, 2006

Three Months Ended
September 30, 2005

INCOME STATEMENT DATA (IN THOUSANDS)

Net interest income	\$3,756	\$2,982
Non-interest income	\$5,903	\$4,595
Non-interest expense	\$8,515	\$7,219
Net income	\$814	\$492
Weighted avg. shares outstanding	5,028	4,569

COMMON PER SHARE DATA

Earnings per share	\$0.16	\$0.11
Period-end book value	\$11.16	\$10.99

END OF PERIOD BALANCE SHEET DATA (IN THOUSANDS)

Total assets	\$569,987	\$438,582
Loans, net of unearned income	\$364,343	\$271,409
Deposits	\$412,178	\$318,492

STOCK PERFORMANCE

Quarter Ending	Trade Price		Closing Price
	High	Low	
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
09/30/05	\$13.50	\$12.50	\$12.75

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 in the "Investor Relations" section of our Web Site 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.