

DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

Rurban Financial Corp. reported first quarter earnings of \$702,000 compared with \$523,000 for the first quarter of 2006, an increase of 34%. Earnings per share were \$0.14 versus \$0.10 for the year-ago quarter. These earnings allowed the Rurban Board of Directors to authorize the payment of a \$0.06 dividend per share. The dividend will be paid on May 18, 2007 to shareholders of record as of May 4, 2007.

We continue to be pleased with the progress being made by your Company. Earnings are improving and the asset quality trend continues to be positive. We made several significant changes this past quarter to enhance future earnings. During the first quarter of 2007, The Exchange Bank was merged with The State Bank and Trust Company to provide a wider array of services to the areas serviced by Exchange Bank and to allow greater operating efficiencies. Reliance Financial Services, N. A. was also merged into The State Bank and Trust Company although Reliance will retain its unique identity and continue to do business as Reliance Financial Services.

We announced at the beginning of this year our plans to reduce expenses by \$1.0 to \$1.5 million on an annual basis. A major portion of these expenses were connected to the merger described above. We were able to identify and obtain expense reductions that will total approximately \$1.8 million. These expense reductions will begin to be realized in the second quarter of this year and should be at the full \$1.8 million annual run rate by the third or fourth quarter.

During this past quarter, the State Bank and Trust opened a new office in Fort Wayne, Indiana. We believe this new region provides an opportunity for substantial growth and we are pleased to announce that David Schnepf has joined us as Regional President for this new and exciting market. This past quarter we also opened a new branch office on the growing North side of Defiance. This branch is actually a relocation of an existing branch and represents our new "branch model" offering many innovations and a very customer friendly place to bank. If you have not done so, I would suggest that you stop by and visit this new facility.

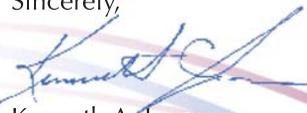
Our asset quality continues to improve as non-performing assets at quarter-end were \$4.1 million or 0.75% of assets compared to \$8.8 million or 1.64% of assets for the first quarter of 2006. Our net charge-offs for this quarter were \$41,000 or 0.04% of average loans compared to \$597,000 or 0.72% of average loans for the year-ago quarter. These measures all reflect continuing loan quality improvement. This improvement in loan quality was reflected in the lower Loan Loss Provision taken this quarter versus the year-ago quarter.

Our focus on sales has paid off as loans increased by \$36 million or 10.5% compared to the year-ago quarter. This loan growth was accompanied by an improvement in our loan margin of 0.12% or 12 basis points. Aiding this margin improvement was the investment portfolio restructuring that we initiated in the last quarter of 2006. Margins continue to be challenging for the banking segment, largely because of the inverted yield curve resulting in short-term rates being higher than long term rates, thereby squeezing bank profit margins.

Our data and item processing company, RDSI, continued its success as it grew revenues this past quarter by over 41% compared to the same quarter last year. Net income also grew by nearly 26%, which continues the exceptional growth for this company. Included in this first quarter, 2007 numbers are the financial results for DCM, which was acquired in early September, 2006. RDSI with DCM now services over 100 community banks.

Your Company continues to make sound progress. Thank you for your continuing support and loyalty as we have worked through some very difficult periods.

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 rfinv@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 rfinv@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



MARCH 2007
1ST QUARTER

SHAREHOLDER LETTER &
FINANCIAL HIGHLIGHTS



www.rurbanfinancial.net

FINANCIAL HIGHLIGHTS

RURBAN FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
March 31, 2007 and December 31, 2006

	March 2007 (Unaudited)	December 2006
ASSETS		
Cash and due from banks	\$ 10,627,291	\$ 13,381,791
Federal funds sold	6,500,000	9,100,000
Cash and cash equivalents	17,127,291	22,481,791
Interest-earning deposits in other financial institutions	150,000	150,000
Available-for-sale securities	97,148,409	102,462,075
Loans held for sale	110,697	390,100
Loans, net of unearned income	373,293,814	370,101,809
Allowance for loan losses	(3,768,814)	(3,717,377)
Premises and equipment, net	15,912,493	15,449,774
Purchased software	4,482,113	4,618,691
Federal Reserve and Federal Home Loan Bank Stock	4,040,700	3,993,450
Foreclosed assets held for sale, net	9,400	82,397
Accrued interest receivable	2,820,915	3,129,774
Goodwill	13,690,092	13,674,058
Core deposits and other intangibles	5,683,598	5,858,982
Cash value of life insurance	10,861,017	10,771,843
Other assets	7,323,829	6,559,886
Total assets	\$ 548,885,554	\$ 556,007,253
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Demand	\$ 43,759,627	\$ 46,565,554
Savings, interest checking and money market	136,754,887	130,267,333
Time	232,078,426	237,722,558
Total deposits	412,592,940	414,555,445
Notes payable	2,515,911	2,589,207
Advances from Federal Home Loan Bank	17,500,000	21,000,000
Repurchase Agreements	30,827,195	32,270,900
Trust preferred securities	20,620,000	20,620,000
Accrued interest payable	2,233,625	2,224,413
Other liabilities	4,884,579	5,792,135
Total liabilities	491,174,250	499,052,100
Shareholders' Equity		
Common stock, \$2.50 stated value; authorized 10,000,000 shares; 5,027,433 shares outstanding	12,568,583	12,568,583
Additional paid-in capital	14,872,424	14,859,165
Retained earnings	30,808,105	30,407,298
Accumulated other comprehensive loss	(537,808)	(879,893)
Total shareholders' equity	57,711,304	56,955,153
Total liabilities and shareholders' equity	\$ 548,885,554	\$ 556,007,253

RURBAN FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
For The Three Months Ended March 31, 2007 and 2006

	Three Months 2007	Three Months 2006
Interest income		
Loans		
Taxable	\$ 6,676,813	\$ 5,554,154
Tax-exempt	17,293	12,235
Securities		
Taxable	1,091,197	1,312,600
Tax-exempt	153,057	131,833
Other	78,468	36,267
Total interest income	8,016,828	7,047,089
Interest expense		
Deposits	3,333,730	2,121,214
Other borrowings	51,072	26,299
Retail Repurchase Agreements	343,849	124,277
Federal Home Loan Bank advances	249,587	482,821
Trust preferred securities	445,314	428,422
Total interest expense	4,423,552	3,183,033
Net interest income	3,593,276	3,864,056
Provision for loan losses	92,640	246,000
Net interest income after provision for loan losses	3,500,636	3,618,056
Non-interest income		
Data service fees	4,834,136	3,241,134
Trust fees	826,382	815,451
Customer service fees	528,424	550,067
Net gain on sales of loans	54,279	61,046
Loan servicing fees	108,706	86,694
Gain (loss) on sale of assets	35,967	(19,126)
Other income	350,848	273,034
Total non-interest income	6,738,742	5,008,300
Non-interest expense		
Salaries and employee benefits	4,396,787	3,857,734
Net occupancy expense	527,133	439,948
Equipment expense	1,605,873	1,375,828
Data processing fees	156,181	136,590
Professional fees	677,391	519,365
Marketing expense	155,685	126,448
Printing and office supplies	198,092	152,984
Telephone and communication	445,204	402,367
Postage and delivery expense	392,261	131,994
State, local and other taxes	199,741	133,858
Employee expense	255,069	249,388
Other expenses	290,836	423,527
Total non-interest expense	9,300,253	7,950,031
Income before income tax expense	939,125	676,325
Income tax expense	236,672	153,780
Net income	\$ 702,453	\$ 522,545
Earnings per common share:		
Basic	\$ 0.14	\$ 0.10
Diluted	\$ 0.14	\$ 0.10
Dividends declared per share		
	\$ 0.06	\$ 0.05

DIVIDEND AND STOCK PERFORMANCE

YOUR DIVIDEND

Your Dividend has been paid based upon \$0.06 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
03/31/07	\$10.66	\$11.92	\$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
03/31/06	\$13.00	\$11.16	\$12.42	\$0.05

QUARTERLY STOCK PERFORMANCE

January 2006 - March 2007

