

Rurban Financial Corp. continued to make progress on two key initiatives during the most recent quarter. Our focus on asset quality resulted in a 21 percent reduction in Non-Performing Assets (“NPA’s”) to a level of \$16 million and on March 19, 2010, The State Bank and Trust Company (“State Bank”) converted to the new core banking application, Single Source™.

State Bank reported earnings for the quarter of \$538 thousand compared to \$863 thousand from the first quarter a year ago. Contributing to the decrease in earnings was a loan loss provision of \$1.4 million for the quarter, as compared to a loan loss provision of \$495 thousand during the 2009 first quarter. Costs and one-time charges related to RDSI and its spin-off for the quarter amounting to \$1.3 million impacted the holding company’s results. For the 2010 first quarter, Rurban reported a net loss of \$848 thousand, or \$(0.17) per diluted share, compared to the net income of \$1.1 million, or \$0.23 per diluted share reported in the first quarter of 2009.

RDSI continues its progression toward spinning-off from Rurban to become an independent publicly traded company. RDSI reported a net loss of \$879 thousand for the first quarter of 2010, compared with net income of \$768 thousand in the 2009 first quarter and a \$509 thousand loss for the linked-quarter. Included in the numbers is \$1.3 million of accelerated depreciation and an impairment write-down of software related to the planned spin-off.

RDSI continues working toward the conversion of additional banks to the Single Source™ software. RDSI also continues to work toward the satisfaction of remaining conditions, including updates to the required SEC filings, in connection with the planned spin-off of RDSI from Rurban and the merger of RDSI with New Core. We anticipate that the spin-off would be completed in the second quarter of 2010, subject to the satisfaction of a number of conditions including final approval by Rurban’s Board of Directors of the spin-off and its terms.

In March, we welcomed Anthony V. Cosentino to the Rurban family as an Executive Vice President. In April, the Rurban Board appointed him CFO, succeeding Duane Sinn who has become the CFO of RDSI. Tony comes to us with 25 years of banking and management experience and is a rich addition to the Company.

Rurban’s Board of Directors elected to continue the suspension of the quarterly shareholder dividend during their April 21, 2010 board meeting. The suspension of the quarterly dividend will continue to be assessed on a quarterly basis.

The 27th Annual Meeting of Shareholders was held on April 22, 2010. At the Annual Meeting, the Rurban shareholders elected four (4) directors, each to serve a term of three years each, and ratified the appointment of BKD, LLP as the independent registered public accounting firm of Rurban for the fiscal year ending December 31, 2010.

While the 2010 first quarter financial results were disappointing from a bottom-line perspective, we are encouraged by the progress made on the key initiatives discussed above. These, along with continued expense control and meaningful economic activity, help us to remain optimistic about our future. We encourage you to review our April 28, 2010 quarterly financial release, which contains additional detailed information for the first quarter by visiting our website at www.rurbanfinancial.net.

Sincerely,



Mark A. Klein
President and
Chief Executive Officer
Rurban Financial Corp.

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 website at www.rurbanfinancial.net or may be obtained from Valda Colbart, Investor Relations Officer, via e-mail at rcinv@rurban.net or by calling 1-800-273-5820.

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, except as required by law. All subsequent written and oral forward-looking statements attributable to Rurban or any person acting on our behalf are qualified by these cautionary statements.

ADDITIONAL INFORMATION

RDSI has filed a Form 10 Registration Statement with the SEC in connection with the contemplated spin-off of RDSI from Rurban and the merger of RDSI with New Core. The Form 10 Registration Statement, which remains subject to completion, includes an information statement/proxy statement filed as Exhibit 99.1 thereto that contains important information about Rurban, RDSI, New Core and the contemplated spin-off of RDSI from Rurban and the merger of RDSI and New Core. WE URGE INVESTORS AND RURBAN AND NEW CORE SHAREHOLDERS TO READ CAREFULLY THE FORM 10 REGISTRATION STATEMENT, THE INFORMATION STATEMENT/PROXY STATEMENT INCLUDED AS EXHIBIT 99.1 THERETO, AND ANY AND ALL OTHER DOCUMENTS FILED BY RDSI WITH THE SEC, INCLUDING ANY AMENDMENTS OR SUPPLEMENTS ALSO FILED WITH THE SEC. NEW CORE SHAREHOLDERS IN PARTICULAR SHOULD READ THE INFORMATION STATEMENT/PROXY STATEMENT CAREFULLY BEFORE MAKING A DECISION CONCERNING THE MERGER TRANSACTION. Investors and shareholders may obtain a free copy of the Form 10 Registration Statement and the information statement/proxy statement — along with other filings containing information about Rurban, RDSI, New Core and the contemplated spin-off of RDSI from Rurban and the merger of RDSI and New Core — at the SEC’s website at <http://www.sec.gov>. Copies of the Form 10 Registration Statement, including the information statement/proxy statement and any other exhibits and filings with the SEC incorporated by reference in such document, can also be obtained free of charge by directing a request to Rurban Financial Corp., 401 Clinton Street, Defiance, Ohio 43512; Attention: Ms. Valda Colbart, Investor Relations Officer; Telephone: (419) 784-2759.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor shall there be any sale of securities in any jurisdiction in which the offer, solicitation, or sale is unlawful before registration or qualification of the securities under the securities laws of the jurisdiction.

GROWTH AND PROFITABILITY: STRATEGIC CHANGE

SHAREHOLDER LETTER & FINANCIAL HIGHLIGHTS



MARCH 2010 | 1ST QUARTER

RURBAN FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
March 31, 2010 and December 31, 2009 and March 31, 2009

	March 2010 (Unaudited)	December 2009	March 2009 (Unaudited)
ASSETS			
Cash and due from banks	\$ 37,404,242	\$ 24,824,785	\$ 14,814,685
Federal funds sold	-	-	8,200,000
Cash and cash equivalents	37,404,242	24,824,785	23,014,685
Available-for-sale securities	106,855,099	105,083,112	127,879,529
Loans held for sale	12,469,633	16,857,648	9,095,776
Loans, net of unearned income	444,082,134	452,557,581	434,051,854
Allowance for loan losses	(6,075,126)	(7,030,178)	(5,348,952)
Premises and equipment, net	16,308,680	16,993,640	17,159,167
Purchased software	4,307,523	5,338,319	5,741,678
Federal Reserve and Federal Home Loan Bank Stock	3,748,250	3,748,250	3,544,100
Foreclosed assets held for sale, net	1,613,937	1,767,953	1,393,155
Accrued interest receivable	2,963,119	2,324,868	2,864,190
Goodwill	21,414,790	21,414,790	21,414,790
Core deposits and other intangibles	4,777,379	4,977,513	5,614,025
Cash value of life insurance	12,896,092	12,792,045	12,734,983
Other assets	11,037,845	11,398,776	6,653,626
Total assets	\$ 673,803,597	\$ 673,049,102	\$ 665,812,606
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non interest bearing demand	\$ 61,699,862	\$ 57,229,795	\$ 49,968,772
Interest bearing NOW	88,805,006	87,511,973	77,058,528
Savings	43,772,462	43,321,364	37,150,700
Money Market	93,022,350	86,621,953	90,318,191
Time Deposits	211,645,981	216,557,067	233,137,761
Total deposits	498,945,661	491,242,152	487,633,952
Notes payable	3,380,935	2,146,776	2,500,000
Advances from Federal Home Loan Bank	32,659,210	35,266,510	36,059,017
Fed Funds Purchased	-	5,000,000	-
Repurchase Agreements	49,111,099	47,042,820	47,894,843
Trust preferred securities	20,620,000	20,620,000	20,620,000
Accrued interest payable	1,200,836	1,507,521	1,724,525
Other liabilities	7,031,313	8,515,668	5,759,759
Total liabilities	612,949,054	611,341,447	602,192,096
Shareholders' Equity			
Common stock	12,568,583	12,568,583	12,568,583
Additional paid-in capital	15,229,669	15,186,042	15,072,847
Retained earnings	33,567,379	34,415,316	36,449,912
Accumulated other comprehensive income (loss)	1,258,223	1,307,025	1,222,435
Treasury stock	(1,769,311)	(1,769,311)	(1,693,267)
Total shareholders' equity	60,854,543	61,707,655	63,620,510
Total liabilities and shareholders' equity	\$ 673,803,597	\$ 673,049,102	\$ 665,812,606

RBNF RBNF RBNF RBNF RBNF RBNF



RURBAN FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF OPERATION - UNAUDITED

	Three Months Ended March 31	
	2010	2009
Interest income		
Loans		
Taxable	\$ 6,411,582	\$ 6,814,633
Tax-exempt	18,915	25,457
Securities		
Taxable	702,255	1,079,497
Tax-exempt	319,063	227,884
Other	31,448	132
Total interest income	7,483,263	8,147,603
Interest expense		
Deposits	1,374,291	1,898,304
Other borrowings	38,083	14,392
Retail Repurchase Agreements	426,967	427,487
Federal Home Loan Bank advances	352,817	392,572
Trust preferred securities	386,624	398,985
Total interest expense	2,578,782	3,131,740
Net interest income	4,904,481	5,015,863
Provision for loan losses	1,391,433	495,142
Net interest income after provision for loan losses	3,513,048	4,520,721
Non-interest income		
Data service fees	4,029,406	4,972,549
Trust fees	642,786	583,623
Customer service fees	587,401	574,699
Net gain on sales of loans	717,014	1,078,047
Net realized gain on sales of securities	451,474	53,807
Investment securities recoveries	73,774	-
Loan servicing fees	153,842	67,873
Loss on sale of assets	(28,652)	(58,655)
Other income	155,981	175,562
Total non-interest income	6,783,026	7,447,505
Non-interest expense		
Salaries and employee benefits	5,103,540	4,924,122
Net occupancy expense	586,223	626,281
FDIC Insurance expense	218,903	46,120
Equipment expense	2,165,101	1,613,393
Software impairment expense	568,535	-
Data processing fees	194,786	135,736
Professional fees	642,810	498,055
Marketing expense	77,601	188,746
Printing and office supplies	161,102	214,542
Telephone and communication	386,206	406,393
Postage and delivery expense	570,433	609,022
State, local and other taxes	121,039	232,896
Employee expense	279,925	259,938
Other expenses	715,494	719,780
Total non-interest expense	11,791,698	10,475,024
Income (loss) before income tax expense	(1,495,624)	1,493,202
Income tax expense (benefit)	(647,686)	389,649
Net income (loss)	\$ (847,938)	\$ 1,103,553
Earnings (loss) per common share:		
Basic	\$ (0.17)	\$ 0.23
Diluted	\$ (0.17)	\$ 0.23



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.

STOCK PERFORMANCE - NASDAQ

Current Quarter Ending	Trade Price High	Trade Price Low	Closing Price	Div. Paid
03/31/10	\$7.25	\$5.75	\$6.80	\$0.00
12/31/09	\$8.94	\$6.38	\$6.84	\$0.09
09/30/09	\$8.10	\$7.00	\$7.58	\$0.09
06/30/09	\$8.75	\$7.52	\$7.75	\$0.09
03/31/09	\$8.61	\$7.34	\$7.90	\$0.09

QUARTERLY STOCK PERFORMANCE

January 2009 - March 2010

