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Retired President Spencer-Patterson Insurance

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Retired President
Defiance Stamping Company

John R. Compo
Chairman and President
Compo Corporation

John Fahl
Retired
Cooper Tire and Rubber Company

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

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Retired President and Chief Executive Officer
Sky Bank
Retired Deputy Superintendent of Banks, Ohio

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Chief Executive Officer
Rurban Financial Corp.

Rita A. Kissner
Retired
Mayor of Defiance

Thomas L. Sauer
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City Beverage Company

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

Investor Relations

Valda L. Colbart
Investor Relations Officer

Officers

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Chief Executive Officer

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Executive Vice President
Chief Financial Officer

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Chief Executive Officer

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Lima/Allen County Market

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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.

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Chairman

Craig A. Kuhlman
President
Chief Executive Officer

David A. Bell
Executive Vice President
Trust Support Manager

RDSI Banking Systems

Kenneth A. Joyce
Chairman
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John D. Weimerskirk
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Chief Information Officer

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Chief Marketing Officer

Kurt A. Kratzer
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Gary A. Saxman
Executive Vice President
Chief Operating Officer

RFCBC, Inc.

Henry R. Thiemann
President
Chief Executive Officer



SHAREHOLDER LETTER AND FINANCIAL HIGHLIGHTS

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1ST
QUARTER



DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS AND EMPLOYEES

For the first quarter of 2006, Rurban earned \$523,000 or \$0.10 per share. This compares with \$638,000 for the first quarter of 2005 and a loss of \$344,000 in the fourth quarter of 2005. The trends we are seeing within our business lines and individual banks are extremely promising and we believe we are finally achieving a solid platform upon which to base future growth.

Highlights of the quarter include:

- Inclusion of the operating results of Exchange Bank following completion of the acquisition on December 31, 2005. For their first quarter as a subsidiary of Rurban, Exchange experienced a loss of \$156,000; 2006 initiatives will focus on improving their efficiencies and enhancing their revenue stream.
- Excluding the results of Exchange Bank, first quarter net income for the Banking Group (the Banks, RFCBC, and Reliance) was \$637,000, up \$64,000 or 11.2 percent from the year-ago quarter and an improvement of \$1.0 million from the fourth quarter of 2005. Performance reflects the continuing integration of the Lima branches (acquired in June 2005) and the improvement in asset quality following the fourth quarter sale of problem loans.
- Loans outstanding increased \$10.7 million, or 3.2 percent, since year-end 2005 (12.8 percent annualized); 2006 loan growth is 100 percent organic.
- RDSI, our data processing subsidiary, reported an excellent first quarter, with net income up 11.3 percent from the year-ago quarter. Expansion initiatives begun last year continue to impact expense levels.

We completed the acquisition of Exchange Bank as of December 31, 2005 and have already reduced the staff and associated expenses of Exchange by 32 percent since we began our due diligence process in first quarter of 2005. Most of these reductions occurred when Rurban's central operations group assumed responsibility for the operations of Exchange Bank; there were virtually no staff reductions where customer sales and service were involved. Although Exchange Bank incurred a first quarter loss of \$156,000 their loan volume is growing and their expenses continue to decrease. We expect to see a cross-over to profitability for this acquisition by the fourth quarter of 2006.

The two Lima branches acquired by State Bank and Trust last year are generating additional revenue that has contributed

to improved efficiencies and greater profitability at State Bank. We anticipate that the branches will be profitable by the third quarter of this year. Loans outstanding reached \$20 million at quarter-end compared to \$5.9 million when the branches were purchased at the end of June, 2005. We continue to be very pleased with the progress of this acquisition.

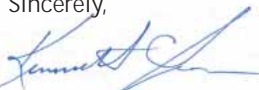
Asset quality continues to improve. This quarter, non-performing assets reduced to \$8.4 million or 1.56 percent of total assets, a decline of \$463,000 from the fourth quarter of 2005 and a decline of \$8.6 million from the year-ago quarter, where they represented 4.10 percent of assets. First quarter results include \$1.4 million of non-performing assets acquired with Exchange Bank.

This past quarter, we announced our plan to relocate State Bank and Trust's Northtowne office to the thriving north side of Defiance, close to the where the new Wal-Mart, Kohl's and other smaller retail stores and restaurants have broken ground. The new branch will be state-of-the-art and unique in Northwest Ohio for its interior design. We look forward to the grand opening in the fourth quarter of this year.

Reliance Financial Services, our investment and trust services company, reported earnings of \$168,000 this quarter. This Company continues to execute its successful strategy based on a high level of personal service and a track record of strong investment performance. Craig Kuhlman, Reliance's new president and CEO, is leading the Company's expansion initiative into our new banking markets in Lima and the Greater Toledo Metropolitan area. RDSI, our data processing company, continues its excellent performance. We have signed three new contracts for both data and item processing in the first quarter of 2006.

As you can see, Rurban is making solid progress. The strategies we put in place last year are making an impact on our operations, and increasingly, on our bottom-line. We look forward to sharing additional good news with you throughout 2006.

Sincerely,



Kenneth A. Joyce
President and CEO

RURBAN FINANCIAL CORP. FINANCIAL HIGHLIGHTS

Three Months
Ended
March 31, 2006

Three Months
Ended
March 31, 2005

INCOME STATEMENT DATA (IN THOUSANDS)

Net interest income	\$3,864	\$2,997
Non-interest income	\$5,008	\$4,612
Non-interest expense	\$7,950	\$6,722
Net income	\$523	\$638
Weighted avg. shares outstanding	5,027	4,568

COMMON PER SHARE DATA

Earnings per share	\$0.10	\$0.14
Period-end book value	\$10.75	\$10.90

END OF PERIOD BALANCE SHEET DATA (IN THOUSANDS)

Total assets	\$538,201	\$414,480
Loans, net of unearned income	\$337,729	\$266,046
Deposits	\$398,526	\$284,917

STOCK PERFORMANCE

Quarter Ending	Trade Price		Closing Price
	High	Low	
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
06/30/05	\$14.47	\$12.65	\$12.90
03/31/05	\$14.49	\$13.50	\$14.15

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.