RURBAN FINANCIAL CORP
Form S-4/A
September 02, 2005
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As filed with the Securities and Exchange Commission on September 2, 2005.

Registration No. 333-126892

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RURBAN FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

OHIO	**6022**	**34-1395608**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

401 Clinton Street

Defiance, Ohio 43512

(419) 783-8950

(Address, including zip code, and telephone number,

including area code, of Registrant s principal executive offices)

James E. Adams

Rurban Financial Corp.

401 Clinton Street

Defiance, Ohio 43512

(419) 783-8950

(Address, including zip Code, and telephone number,

including area code, of agent for service)

Copies to:

MR. JAMES E. ADAMS

Rurban Financial Corp.

401 Clinton Street

Defiance, Ohio 43512

(419) 783-8950

ANTHONY D. WEIS, ESQ.

Vorys, Sater, Seymour and Pease LLP

52 East Gay Street

Columbus, Ohio 43215

(614) 464-5465

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement has become effective and all other conditions to the consummation of the transactions have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXCHANGE BANCSHARES, INC.

237 Main Street

Luckey, Ohio 43443

(419) 833-3401

Notice of Special Meeting of Shareholders

To Be Held on October 11, 2005

A special meeting of shareholders of Exchange Bancshares, Inc. will be held on October 11, 2005 at 7:30 p.m., Eastern Time, at Eastwood High School, 4900 Sugar Ridge Road, Pemberville, Ohio. The special meeting will be held for the purpose of considering and voting upon the following matters:

1. To approve and adopt the Agreement and Plan of Merger, dated as of April 13, 2005, by and between Rurban Financial Corp. and Exchange Bancshares, Inc., which provides for the merger of Exchange with and into Rurban. Subject to certain adjustments set forth in the Agreement and Plan of Merger, at the effective time of the merger each outstanding common share of Exchange Bancshares, par value $5.00 per share, will be converted into the right to receive either: (a) $22.00 in cash, or (b) 1.555 common shares, without par value, of Rurban; and

2. To transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The Board of Directors of Exchange has established September 9, 2005, as the record date for the special meeting. Only record holders of Exchange common shares as of the close of business on that date will be entitled to receive notice of and vote at the special meeting.

A joint prospectus/proxy statement and proxy card for the special meeting are enclosed.

Your vote is important. Even if you plan to attend the special meeting, please complete, sign and return the proxy card in the enclosed postage-paid envelope as soon as possible.

The Exchange Board of Directors recommends that you vote FOR the approval and adoption of the Agreement and Plan of Merger.

By Order of the Board of Directors,

Luckey, Ohio

/s/ Maron Layman

September 9, 2005

Marion Layman, Chairman

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RURBAN FINANCIAL CORP.

PROSPECTUS
for the issuance of up to

456,116 common shares of

Rurban Financial Corp.

EXCHANGE BANCSHARES, INC.

PROXY STATEMENT
for the Special Meeting of Shareholders

to be held on October 11, 2005

at 7:30 p.m.

On April 13, 2005, Rurban Financial Corp. and Exchange Bancshares, Inc. executed a merger agreement that provides for the merger of Exchange with and into Rurban. We cannot complete the merger unless the holders of at least 293,323 Exchange common shares, which is a majority of the issued and outstanding Exchange common shares, adopt the merger agreement. The Exchange Board of Directors has scheduled a special meeting for Exchange shareholders to vote on the merger agreement. The date, time and place of the special meeting are as follows:

October 11, 2005

7:30 p.m.

Eastwood High School

4900 Sugar Ridge Road

Pemberville, Ohio

Subject to certain adjustments set forth in the merger agreement, if we complete the merger each outstanding common share of Exchange will be converted into either: (1) $22.00 in cash, or (2) 1.555 common shares of Rurban. Shareholders of Exchange who hold 100 or fewer Exchange shares will receive all cash, while shareholders holding more than 100 Exchange shares will have the option to receive cash, Rurban shares, or a combination of cash and Rurban shares. Elections will be limited by the requirement that the aggregate cash consideration that will be paid to Exchange shareholders, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). Therefore, you may not receive the form of payment that you request.

For tax purposes, it is intended that the merger of Exchange with and into Rurban will qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

The common shares of Rurban are listed on The Nasdaq National Market under the symbol RBNF. On September 6, 2005, the last practicable trading date before we printed this prospectus/proxy statement, Rurban shares closed at $. Based on that price, 1.555 Rurban shares would be valued at $. **The consideration that Exchange shareholders will receive in exchange for their Exchange shares may be adjusted under certain circumstances set forth in the merger agreement.**

Whether or not you plan to attend the special meeting, please complete, sign and return the proxy card in the enclosed postage-paid envelope. Not voting will have the same effect as voting against the adoption of the merger agreement. This prospectus/proxy statement provides detailed information about the merger. We encourage you to read this entire document carefully.

An investment in the common shares of Rurban involves certain risks. For a discussion of these risks, see Risk factors beginning on page 10 of this document.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Rurban shares to be issued in the merger or determined if this prospectus/proxy statement is truthful or complete. Any representation to the contrary is a criminal offense. Rurban shares are not insured by the Federal Deposit Insurance Corporation or any other government agency.

This prospectus/proxy statement is dated September 9, 2005, and is first being mailed to Exchange shareholders on or about September 12, 2005.

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Additional Information

This prospectus/proxy statement incorporates important business and financial information about Rurban and Exchange from documents that they have filed with the Securities and Exchange Commission but have not included in or delivered with this document. If you write or call Rurban or Exchange, we will send you these documents, excluding exhibits, without charge. You can contact Rurban or Exchange at:

Rurban Financial Corp.	Exchange Bancshares, Inc.
401 Clinton Street	237 Main Street
Defiance, Ohio 43512	Luckey, Ohio 43443
Attention: James E. Adams	Attention: Marion Layman
(419) 783-8950	(419) 833-3401

Any request for documents should be made by October 3, 2005 to ensure timely delivery of the documents prior to the special meeting.

For additional information about Rurban, please refer to Rurban s Form 10-K for the year ended December 31, 2004 and its Form 10-Q for the quarter and six months ended June 30, 2005, which are attached as Annex D and Annex E, respectively, to this prospectus/proxy statement. For additional information about Exchange please refer to Exchange s Form 10-KSB, as amended by Amendment No. 1 on Form 10-KSB/A, for the year ended December 31, 2004 and its Form 10-QSB for the quarter and six months ended June 30, 2005, which are attached as Annex F and Annex G, respectively, to this prospectus/proxy statement. See Where You Can Find More Information on page 53 for more information about the documents referred to in this prospectus/proxy statement.

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Questions and Answers About the Merger

Q: Why do Rurban and Exchange want to merge?

A: Exchange believes the merger with Rurban will enhance shareholder value. Rurban believes the merger will benefit its shareholders because the merger will enable Rurban to expand its presence in the metropolitan Toledo markets currently served by Exchange, strengthen the competitive position of the new combined organization, generate cost savings and enhance other opportunities for Rurban.

Q: What will I receive in the merger?

A: Subject to certain adjustments set forth in the merger agreement and described in this document, at the effective time of the merger each Exchange common share will be converted into the right to receive either (i) $22.00 in cash or (ii) 1.555 common shares, without par value, of Rurban.

Q: Can I elect the type of consideration that I will receive in the merger?

A: If you hold more than 100 Exchange shares, you will have the opportunity to elect to receive all cash, all Rurban shares, or a combination of cash and Rurban shares. If you hold 100 or fewer Exchange shares, you will receive all cash in exchange for your Exchange shares.

Q: Will I receive the form of consideration I elect to receive?

A: Not necessarily. The merger agreement contains allocation and proration provisions to ensure that the aggregate cash consideration that will be paid to Exchange shareholders, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). *If the elections by Exchange shareholders do not result in the required mix of cash and stock consideration, then the form of payment you receive may be different that what you request.*

Q: When and where will the special meeting take place?

A: The special meeting of shareholders will be held at 7:30 p.m., Eastern Time, on October 11, 2005, at Eastwood High School, 4900 Sugar Ridge Road, Pemberville, Ohio.

Q: What do I need to do now?

A: After reviewing this document, please sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy, you authorize the individuals named in the proxy to represent you and vote your Exchange shares at the special meeting in accordance with your instructions. *Your vote is important. Whether or not you plan to attend the special meeting, please submit your proxy in the enclosed postage-paid envelope.*

Q: How will my shares be voted if I return a blank proxy card?

A: If you sign, date and return your proxy card and do not indicate how you want your Exchange shares to be voted, your Exchange shares will be voted **For** the approval and adoption of the merger agreement.

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Q: Is my vote required to approve the merger?

A: The affirmative vote of holders of at least a majority of the outstanding Exchange shares is required to approve and adopt the merger agreement. Your failure to vote, in person or by proxy, at the special meeting will have the same effect as if you voted Against the approval and adoption of the merger agreement.

Q: Can I change my mind and revoke my proxy?

A: Yes. You may revoke your proxy at any time before a vote is taken at the special meeting by:

filing a written notice of revocation with the Secretary of Exchange, at 237 Main Street, Luckey, Ohio 43443;

executing and returning another proxy with a later date; or

attending the special meeting and giving notice of revocation in person.

Attendance at the special meeting will not, by itself, revoke your proxy.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your Exchange shares only if you instruct your broker how to vote. Your broker will send you directions on how you can instruct your broker to vote. If you do not instruct your broker how to vote your shares, your shares will not be voted, which will have the same effect as voting Against the approval and adoption of the merger agreement.

Q: Should I send in my stock certificates now?

A: No, please do not send in your stock certificates with your proxy card. Shortly after the completion of the merger, Rurban s exchange agent will send you transmittal materials that you will need to use when surrendering your stock certificates in exchange for the merger consideration. You should not surrender your stock certificates until you receive the letter of transmittal and instructions from the exchange agent.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as practicable. We expect to complete the merger by October 12, 2005, assuming shareholder approval and that all applicable governmental approvals have been received by that date and all other conditions precedent to the merger have been satisfied or waived.

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Summary

This summary highlights selected information from this prospectus/proxy statement. It does not contain all of the information that may be important to you. To fully understand the merger, you should read carefully this entire document and the other documents to which we refer. To obtain more information, see Where You Can Find More Information on page 53. Page references are included in this summary to direct you to a more complete description of topics discussed in this document.

The parties (page 27)

Rurban Financial Corp.

401 Clinton Street

Defiance, Ohio 43512

(419) 783-8950

Rurban is a financial services holding company headquartered in Defiance, Ohio. Rurban s direct and indirect subsidiaries include The State Bank and Trust Company, Reliance Financial Services, N.A., Rurbanc Data Services, Inc. (RDSI) and RFCBC, Inc. The State Bank and Trust Company offers a full range of financial services through its 12 offices located in Defiance, Paulding, Allen and Fulton Counties in Northwest Ohio. The State Bank and Trust Company also offers, through its wholly-owned trust company, Reliance Financial Services, N.A., a diversified array of trust and financial services to customers throughout the Midwest. RDSI provides data processing services to community banks in Ohio, Michigan, Indiana, Illinois and Missouri. RFCBC operates as a loan subsidiary in servicing and working out problem loans.

At June 30, 2005, Rurban had 230 full-time equivalent employees, total assets of $451.0 million, total loans of $271.8 million, total deposits of $340.4 million, and total shareholders equity of $50.6 million. Rurban common shares are traded on The Nasdaq National Market (Nasdaq) under the symbol RBNF.

Exchange Bancshares, Inc.

237 Main Street

Luckey, Ohio 43443

(419) 833-3401

Exchange is a bank holding company headquartered in Luckey, Ohio. Exchange s wholly-owned subsidiary, The Exchange Bank, was formed in 1906 and offers a full range of financial services through its five offices located in Lucas and Wood Counties in Northwest Ohio.

At June 30, 2005, Exchange had 41 full-time and 10 part-time employees, total assets of $85.2 million, total loans of $60.4 million, total deposits of $75.3 million, and total shareholders equity of $7.9 million. Exchange common shares are quoted on the OTC Bulletin Board under the symbol EBLO.OB.

The merger (page 26)

The merger agreement provides for the merger of Exchange with and into Rurban. The merger cannot be completed unless at least 293,323 Exchange shares, which is a majority of the issued and outstanding Exchange shares, approve and adopt the merger agreement. The merger agreement is attached to this document as Annex A and is incorporated in this prospectus/proxy statement by reference. **We encourage you to read the merger agreement carefully, as it is the legal document that governs the merger.**

What you will receive in the merger (page 36)

Subject to certain adjustments set forth in the merger agreement and described below, at the effective time of the merger each Exchange share will be converted into the right to receive either $22.00 in cash or 1.555

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common shares, without par value, of Rurban. Shareholders of Exchange who hold 100 or fewer Exchange shares will receive all cash in exchange for their Exchange shares, while shareholders of Exchange who hold more than 100 Exchange shares will have the option to receive all cash, all Rurban shares, or a combination of cash and Rurban shares.

Under the merger agreement, the aggregate cash consideration that will be paid to holders of Exchange shares, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). **If the aggregate cash payable to holders of Exchange shares who make cash elections, own 100 or fewer Exchange shares, or properly exercise dissenters rights, plus the cash payable in lieu of the issuance of fractional Rurban shares, is not equal to this amount, then the form of payment you receive may be different than what you request.**

The merger agreement provides that the per share merger consideration to be received by Exchange shareholders may be adjusted under the following circumstances:

- The per share merger consideration to be paid to Exchange shareholders *will be reduced* if the shareholders equity of Exchange as of the month-end preceding the closing date of the merger is less than $8,100,000, excluding changes, adjustments, or charges requested by Rurban, transaction expenses, certain fees paid to Rurban and unrealized gains or losses on Exchange s investment portfolio since January 1, 2005;

- The exchange ratio (*i.e.*, the number of Rurban Shares that Exchange shareholders will receive in exchange for each Exchange share) *will be reduced* if the average market price of a Rurban share during a specified period prior to the closing date is greater than $16.27;

- The exchange ratio (*i.e.*, the number of Rurban Shares that Exchange shareholders will receive in exchange for each Exchange share) *may be increased* if the average market price of a Rurban share during a specified period prior to the closing date is less than $12.02 *and* the decline in the market price of a Rurban share during the measuring period is more than 15% greater than the decline, if any, in the SNL Bank Index during a specified measuring period; and

- The exchange ratio (*i.e.*, the number of Rurban Shares that Exchange shareholders will receive in exchange for each Exchange share) *may be increased* in order to preserve the status of the merger as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Election procedure (page 38)

Not later than three business days after the effective time of the merger, the exchange agent will mail an election form to you. If you hold more than 100 Exchange shares, the election form will permit you to elect the type of consideration you would prefer to receive in exchange for each Exchange share that you own. Your options are to:

- elect to receive all cash,

- elect to receive all Rurban shares,

elect to receive a combination of cash and Rurban shares, or

make no election.

All election forms, along with your Exchange stock certificates, must be properly completed and actually received by the exchange agent by 5:00 p.m., Eastern Time, on the day set forth on the election form, which will be the 30th day following the date the election form was mailed to you.

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Allocation of Rurban shares and cash among Exchange shareholders (page 38)

Under the merger agreement, the aggregate cash consideration that will be paid to holders of Exchange shares, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). If the cash payable to holders of Exchange shares who make cash elections, own 100 or fewer Exchange shares, or properly exercise dissenters rights, plus the cash payable in lieu of the issuance of fractional Rurban shares, is less than this amount, then each Exchange shareholder electing cash will receive cash. The Exchange shares of those Exchange shareholders who did not make an election and, if necessary, those Exchange shareholders electing to receive Rurban shares as consideration, will then be exchanged for cash, on a pro rata basis, so that the aggregate cash consideration that will be paid to holders of Exchange shares, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). The remainder of the Exchange shares will be exchanged for Rurban shares.

If the cash payable to holders of Exchange shares electing to receive cash consideration, which includes all dissenting shares and all shares held by shareholders who hold 100 or fewer Exchange shares, plus the cash payable in lieu of the issuance of fractional Rurban shares, is greater than an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments), then the cash consideration will be allocated among those Exchange shareholders electing to receive cash (excluding dissenting shares and shares held by shareholders who hold 100 or fewer Exchange shares) on a pro rata basis so that the total number of Exchange shares exchanged for cash equals an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). The remainder of the Exchange shares will be exchanged for Rurban shares.

Special meeting of Exchange shareholders (page 24)

Exchange will hold a special meeting of shareholders on October 11, 2005, at 7:30 p.m., Eastern Time, at Eastwood High School, 4900 Sugar Ridge Road, Pemberville, Ohio. Only holders of record of the outstanding Exchange shares at the close of business on September 9, 2005 will be entitled to notice of, and to vote at, the special meeting and any adjournment of the special meeting. As of such date, there were 586,644 Exchange shares issued and outstanding, each of which will be entitled to one vote on each matter properly submitted for vote to the shareholders at the special meeting.

At the special meeting, Exchange shareholders will be asked to consider and vote upon the following matters:

- To approve and adopt the Agreement and Plan of Merger, dated as of April 13, 2005, by and between Rurban Financial Corp. and Exchange Bancshares, Inc., which provides for the merger of Exchange with and into Rurban; and

- To transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The affirmative vote of holders of at least a majority of the outstanding Exchange shares, voting in person or by proxy, is required to approve and adopt the merger agreement.

A quorum, consisting of the holders of a majority of the outstanding Exchange shares, must be present in person or by proxy at the special meeting before any action can be taken. Under Ohio law, only votes cast in

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favor of a proposal count as being voted for the proposal. Therefore, abstentions and broker non-votes will have the effect of a vote Against the approval and adoption of the merger agreement. Similarly, if you fail to return your properly executed proxy card, the effect will be the same as a vote Against the approval and adoption of the merger agreement.

If you return your properly executed proxy card prior to the special meeting and do not revoke it prior to its use, the Exchange shares represented by that proxy card will be voted at the special meeting, or any adjournment of the special meeting. The Exchange shares will voted as specified on the proxy card or, in the absence of specific instructions to the contrary, will be voted **For** the approval and adoption of the merger agreement.

Vote of management owned shares (page 24)

As of the record date, directors and executive officers of Exchange and their affiliates collectively owned approximately 11.2% of the outstanding Exchange shares. A majority of the outstanding shares of Exchange is required to approve the merger agreement. All of the directors of Exchange, who collectively owned 11.2% of the outstanding Exchange shares as of the record date, entered into voting agreements with Rurban pursuant to which they agreed to vote all of their shares in favor of the adoption and approval of the merger agreement.

Background and reasons for the merger (page 27)

The Exchange Board of Directors believes that the terms of the merger agreement are fair to, and in the best interests of, Exchange and its shareholders. In reaching this decision, Exchange considered several factors, including:

- the financial terms of the merger, as presented to the Exchange Board;
- the benefits to Exchange Bank through an enhanced ability to meet the financial needs of its customers and compete in the rapidly changing financial services industry;
- certain cost savings due to economies of scale and enhanced continuity of management;
- the effect on shareholder value of Exchange remaining an independent entity in light of management s financial projections, considered in the face of increased competition to community banks in general from large bank holding companies and other financial institutions;
- the long-term interests of Exchange and its shareholders, as well as the interests of Exchange s and Exchange Bank s employees, customers, creditors and the communities in which Exchange operates;
- the cost of compliance by Exchange and Exchange Bank with the respective regulatory requirements and directives of the Federal Reserve, the Federal Deposit Insurance Corporation and the Ohio Division of Financial Institutions to which they are subject;

the ability of Exchange Bank to pay dividends to Exchange in the foreseeable future in light of regulatory requirements and restrictions;

the ability of Exchange to pay dividends to its shareholders in the foreseeable future in light of regulatory requirements and restrictions;

the current and ongoing cost of compliance with the Sarbanes-Oxley Act and related regulations; and

Exchange s and Exchange Bank s ability to hire and retain suitable management and employees.

Recommendation to shareholders (page 29)

The Exchange Board of Directors believes that the merger is in the best interests of Exchange and its shareholders and unanimously recommends that you vote **For** the proposal to approve and adopt the merger agreement.

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Opinion of financial advisor (page 29)

In deciding to approve the merger, the Exchange Board of Directors considered the opinion of its financial advisor, Capital Market Securities, Inc., dated April 13, 2005, that, as of that date, subject to and based on the qualifications and limitations set forth in its opinion, the per share merger consideration was fair to Exchange shareholders from a financial point of view. The full text of the opinion, updated as of the date of this prospectus/proxy statement, is attached as Annex B to this prospectus/proxy statement. We encourage you to read the opinion in its entirety for a description of the procedures followed and matters considered by Capital Market Securities. The opinions of Capital Market Securities will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to the completion of the merger.

Material federal income tax consequences of the merger (page 45)

In general, Exchange shareholders receiving only Rurban shares in the merger will not recognize gain or loss. Exchange shareholders may, however, recognize gain or loss upon the receipt of cash or a combination of cash and Rurban shares in the merger. The actual income tax consequences of the merger to an Exchange shareholder will differ depending on the mixture of cash and Rurban shares received by the Exchange shareholder and various other factors. Exchange shareholders are urged to contact their tax advisors to determine the particular tax consequences of the merger to them.

Interests of directors and officers (page 44)

Some of the directors and executive officers of Exchange have interests in the merger that are different from, or in addition to, their interests as shareholders of Exchange. These interests include the following:

Thomas E. Funk, Vice President, Treasurer and Chief Financial Officer of Exchange, has a Change in Control Agreement with Exchange and Exchange Bank entitling him to a lump sum payment if his employment is terminated in connection with a change in control of Exchange. Mr. Funk resigned from Exchange and Exchange Bank on August 12, 2005.

A. John Moore, Charles M. Bailey and Linda Biniker, employees of Exchange Bank, have Change in Control Agreements with Exchange Bank entitling each of them to a lump sum payment if his or her employment is terminated in connection with a change in control of Exchange. Messrs. Moore and Bailey and Ms. Biniker will be paid approximately $173,855, $155,279, and $130,829, respectively, under these agreements in connection with the merger.

Rurban has agreed to purchase a five-year extended tail to Exchange s existing directors and officers liability insurance policy, which will provide liability insurance coverage for the directors and executive officers of Exchange for acts occurring prior to completion of the merger.

Rurban has agreed to take all reasonable action necessary to elect Mr. Marion Layman as a director of the Exchange Bank through December 31, 2006.

Other agreements between Rurban and Exchange (page 40)

On April 26, 2005, Rurban, Exchange and Exchange Bank entered into an Administrative Services Agreement, pursuant to which Rurban provides certain administrative and advisory services. The services provided by Rurban include advice and assistance with respect to Exchange Bank s investment portfolio, lending approval and collection process, mortgage loan origination process, commercial loan approval and workout process, accounting reconciliations and other mutually agreed upon administrative and support services. Rurban receives a fee of $3,500 per week, plus reimbursement of out-of-pocket costs, under the agreement. The agreement will terminate upon the earlier of the consummation of the merger or the termination of the merger agreement, provided, however, that either party is permitted to terminate the agreement at any time upon thirty days prior written notice.

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Resale of Rurban shares (page 45)

Rurban has registered the Rurban shares to be issued in the merger with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Rurban shares will be freely transferable, except for Rurban shares received by persons who may be deemed to be affiliates of Exchange.

Regulatory approvals (page 39)

Rurban has submitted applications to the Board of Governors of the Federal Reserve System and the Ohio Division of Financial Institutions seeking approval of the merger. We anticipate that these regulatory authorities will approve the merger. However, there can be no assurance that all requisite approvals will be obtained, that the approvals will be received on a timely basis or that the approvals will not impose conditions or requirements that would so materially reduce the economic or business benefits of the merger that, had such condition or requirement been known, neither Rurban nor Exchange would have entered into the merger agreement.

Termination and amendment of the merger agreement (page 43)

Rurban and Exchange may agree to terminate the merger agreement and abandon the merger at any time before the merger is completed, even if the Exchange shareholders have voted to approve and adopt the merger agreement. The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

by the mutual written consent of Rurban and Exchange;

by either Rurban or Exchange if the merger is not completed on or before December 31, 2005;

by either Rurban or Exchange if any event occurs which would prevent the satisfaction of certain conditions set forth in the merger agreement;

by Exchange if any person or entity other than Rurban makes a proposal or offer to acquire 20% or more of the outstanding voting securities, or 20% or more of the assets or deposits, of Exchange or Exchange Bank, or makes a proposal or offer with respect to any merger, tender or exchange offer, consolidation or business combination involving Exchange or Exchange Bank, and the Board of Directors of Exchange determines in good faith, based upon advice from independent legal counsel, that the termination of the merger agreement is required for the Board of Directors to comply with its fiduciary duties to shareholders imposed by law;

by Exchange if the average market price of Rurban shares over the twenty trading days ending on the tenth trading day prior to the established closing date is less than $12.02 *and* the market price of Rurban shares underperforms the SNL Bank Index by more than 15%, provided that, if Exchange elects to terminate the merger agreement, Rurban will have the option of increasing the exchange ratio, in which case the merger agreement will remain in effect; or

by Rurban if it is required to increase the exchange ratio (*i.e.*, the number of Rurban shares to be exchanged for each Exchange share) in order to preserve the status of the merger as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Exchange must pay Rurban a termination fee of $625,000 if any of the following occurs:

The Board of Directors of Exchange terminates the merger agreement to comply with its fiduciary duties to shareholders following the receipt of a proposal for an acquisition transaction from a person or entity other than Rurban;

Exchange consummates or enters into an agreement relating to an acquisition transaction with any person or entity other than Rurban within 18 months after the merger agreement is terminated; or

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The Board of Directors of Exchange withdraws or materially modifies its recommendation of the merger to the shareholders of Exchange after receiving a proposal from a person or entity other than Rurban relating to an acquisition transaction *and either* (1) the shareholders of Exchange do not adopt the merger agreement between Exchange and Rurban, or (2) the shareholders fail to meet by October 31, 2005 to vote on the adoption of the merger agreement.

Rurban must pay Exchange a termination fee of $250,000 if Rurban elects to terminate the merger agreement because it is required to increase the exchange ratio in order to preserve the status of the merger as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Rurban and Exchange may amend the merger agreement in writing at any time before or after the Exchange shareholders adopt the merger agreement. If the Exchange shareholders have already adopted the merger agreement, however, we will not amend it without shareholder approval if the amendment would have a material adverse effect on the shareholders.

Dissenters rights (page 25)

Ohio law provides Exchange shareholders with dissenters rights in the merger. This means that if you strictly comply with the procedures under Ohio law, you have the right to receive payment for your Exchange shares based upon an independent determination of their fair cash value. In addition to the summary of dissenters rights on page 25, a copy of the provisions of Ohio law regarding dissenters rights is attached to this prospectus/proxy statement as Annex C.

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Risk Factors

In deciding how to vote on the merger agreement, you should consider carefully all of the information contained in this document, especially the following factors.

Fluctuation in the market price of the Rurban shares will affect the value of the Rurban shares you receive.

Subject to certain adjustments set forth in the merger agreement and described below, at the effective time of the merger each Exchange share will be converted into the right to receive either $22.00 in cash or 1.555 Rurban shares. On September 6, 2005, the last trading date before we printed this prospectus/proxy statement, the price of Rurban shares closed at $ per share on Nasdaq. Based on that price, 1.555 Rurban shares would be valued at $.

The exchange ratio (*i.e.*, the number of Rurban shares to be received in exchange for each Exchange share) may be adjusted, depending upon the average market price of a Rurban share during a measuring period prior to closing. Therefore, the total value of the merger consideration will depend upon the value of a Rurban share during the measuring period, which is the twenty trading days ending ten trading days immediately preceding the closing date.

If the average market price of a Rurban share during the measuring period is greater than $16.27, then the exchange ratio will be reduced to a ratio equal to: (1) 115% of the per share cash amount, divided by (2) the average market price of a Rurban share during the measuring period.

If the average market price of a Rurban share during the measuring period is less than $12.02 *and* the decline in the market price of a Rurban share during the measuring period exceeds the decline, if any, in the SNL Bank Index during the period beginning on April 13, 2005 and ending ten trading days immediately preceding the closing date by more than 15%, then the Board of Directors of Exchange may elect to terminate the merger agreement and abandon the merger. If the Board of Directors of Exchange elects to terminate the merger agreement, Rurban will have five days in which to elect to increase the exchange ratio so that the exchange ratio multiplied by the average market price of a Rurban share during the measuring period equals 85% of the per share cash amount. If Rurban elects to increase the exchange ratio, then the election by the Board of Directors to terminate the merger agreement will be of no further force and effect and the merger agreement will remain in effect.

The market price of the Rurban shares may fall after the end of the measuring period and before the closing of the merger. Further, you will not receive your merger consideration until several weeks after the closing of the merger, and the market price of the Rurban shares may fall during the post-closing period when Exchange shareholders are given an opportunity to elect the form of consideration they would like to receive and while allocations are determined by Rurban. You will not be able to sell your Rurban stock to avoid losses resulting from any decline in the trading prices of Rurban shares during this period.

On the day the merger closes, the market price of a share of Rurban stock may be higher or lower than the market price on the date the merger agreement was signed, on the date this document was mailed to you, or on the date of the special meeting of shareholders of Exchange. Therefore, you cannot be assured of receiving any specific market value of Rurban shares.

The consideration you receive in the merger may be reduced as a result of a decline in the shareholders equity of Exchange.

The per share merger consideration to be received by Exchange shareholders in the merger will be reduced if the shareholders equity of Exchange as of the month-end immediately preceding the closing date is less than $8,100,000, excluding any changes, adjustments, or charges requested by Rurban, transaction expenses, certain

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fees paid to Rurban, and unrealized gains or losses on Exchange s investment portfolio since January 1, 2005. If Exchange s shareholders equity, as adjusted, is less than $8,100,000, the per share merger consideration will be reduced by an amount equal to (1) 150% of the amount by which the shareholders equity falls below $8,100,000, divided by (2) the number of Exchange shares outstanding immediately prior to the effective time. As a result, each Exchange share that is exchanged for cash will receive an amount equal to $22.00 less the per share reduction amount. Further, each Exchange share that is exchanged for Rurban shares will receive a number of Rurban shares that is equal to (1) $22.00 less the per share reduction amount, divided by (2) $14.15.

At December 31, 2004, Exchange s shareholders equity was $8,298,000. At June 30, 2005, Exchange s shareholders equity, as adjusted in accordance with the terms of the merger agreement, was $8,109,000.

You may receive a form of consideration different from the form of consideration you elect.

The consideration you receive in the merger is subject to the requirement that the aggregate cash consideration that will be paid to Exchange shareholders, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). The merger agreement contains proration and allocation methods to achieve this result. If you elect to receive all cash and the available cash is oversubscribed, then you may receive a portion of the merger consideration in the form of Rurban shares, provided that shareholders who own 100 or fewer Exchange shares will receive all cash. If you elect all stock and the available stock is oversubscribed, then you may receive a portion of the merger consideration in cash. If you elect a combination of cash and Rurban shares, you may not receive the specific combination of cash and Rurban shares that you request.

Rurban may fail to realize the anticipated benefits of the merger.

Rurban and Exchange may not be able to integrate their operations without encountering difficulties, including the loss of key employees and customers, the disruption of ongoing business or possible inconsistencies in standards, controls, procedures and policies. Additionally, in determining that the merger is in the best interests of Rurban and Exchange, each of the Rurban and the Exchange boards of directors considered enhanced earnings opportunities. There can be no assurance, however, that any enhanced earnings will result from the merger.

Changes in interest rates could reduce Rurban s income.

Rurban s net income depends to a great extent on the difference between the interest rates earned on interest-earning assets, such as loans and investment securities, and the interest rates paid on interest-bearing liabilities, such as deposits and borrowings. These rates are highly sensitive to many factors that are beyond Rurban s control, including general economic conditions and the policies of various governmental and regulatory agencies. Changes in interest rates influence the volume of loan originations, the generation of deposits, the yield on loans and investment securities and the cost of deposits and borrowings. Fluctuations in these areas may adversely affect Rurban.

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Comparative Share Prices

Rurban common shares are listed on Nasdaq under the symbol RBNF. Exchange common shares are quoted on the OTC Bulletin Board under the symbol EBLO.OB

As of September 6, 2005, there were Rurban common shares outstanding and held by approximately holders of record. As of September 6, 2005, there were 586,644 Exchange common shares outstanding and held by approximately 778 holders of record.

The following table sets forth the closing sales prices per share of Rurban and Exchange common shares on the last full trading day prior to the announcement of the merger and on the last practicable trading day prior to printing this prospectus/proxy statement. The table also presents the equivalent price per share of Exchange, giving effect to the merger as of such dates. The Exchange equivalent per share price is determined by multiplying the exchange ratio of 1.555 by the indicated sales price per share of Rurban as of the dates presented.

	Rurban	Exchange	Exchange equivalent per share price
April 12, 2005	$ 14.22	$ 12.85	$ 22.11
September 6, 2005	$	$	$

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Selected Consolidated Financial Data of Rurban

The tables below contain information regarding the financial condition and earnings of Rurban for the five years ended December 31, 2004, and the six months ended June 30, 2005 and 2004. This information is based on information contained in Rurban s quarterly report on Form 10-Q and annual reports on Form 10-K filed with the Securities and Exchange Commission.

	At June 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands)				
Rurban consolidated statement of financial condition:							
Total assets	$ 451,048	$ 415,026	$ 415,349	$ 435,312	$ 742,317	$ 746,209	$ 700,818
Securities available-for-sale	108,719	98,097	108,720	107,699	115,109	101,140	85,760
FRB and FHLB stock	2,847	2,790	2,793	2,745	3,666	3,236	3,145
Loans held-for-sale	351	0	113	219	63,536	440	1,167
Loans, net of unearned income	271,827	270,692	264,481	284,104	487,475	600,291	576,636
Allowance for loan losses	5,210	6,923	4,899	10,181	17,694	9,239	7,215
Deposits	340,404	290,991	279,624	317,475	567,860	610,860	566,321
FHLB advances	38,000	54,000	56,000	39,000	47,850	54,275	52,164
Other borrowings	17,340	16,475	24,949	24,251	16,000	24,850	23,200
Stockholders equity	50,600	48,227	50,306	48,383	36,382	50,829	50,140

	At June 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands, except for per share data)				
Rurban consolidated operating results:							
Interest income	$ 10,177	$ 9,963	$ 20,028	$ 27,774	$ 48,591	$ 56,519	$ 56,023
Interest expense	4,253	4,069	7,951	13,972	24,813	30,778	29,635
Net interest income	5,924	5,894	12,077	13,802	23,778	25,741	26,388
Provision for loan losses	352	(190)	(399)	1,202	27,531	8,733	2,100
Non-interest income	8,829	8,418	16,691	34,687	13,779	14,162	11,273
Non-interest expense	13,765	12,854	25,324	28,678	30,479	28,018	26,754
Income (loss) before income taxes	637	1,648	3,843	18,608	(20,452)	3,152	8,807
Income taxes	112	327	1,109	6,303	(7,044)	899	2,721
Net income (loss)	525	1,321	2,734	12,305	(13,408)	2,253	6,086
Basic earnings (loss) per share	0.11	0.29	0.60	2.71	(2.95)	0.50	1.35
Diluted earnings (loss) per share	0.11	0.29	0.60	2.70	(2.95)	0.50	1.35
Cash dividends per share	0.10	N/A	N/A	N/A	0.26	0.47	0.42
Book value at period end	11.07	10.56	11.01	10.63	8.01	11.14	10.98
Weighted average shares outstanding basic	4,569	4,555	4,559	4,545	4,540	4,526	4,511
Weighted average shares outstanding diluted	4,579	4,572	4,572	4,552	4,540	4,544	4,511

	At June 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000

	(Unaudited)		(In thousands, except for per share data)				
Other data:							
Return on average assets	0.25%	0.62%	0.65%	2.24%	(1.69)%	0.31%	0.91%
Return on average shareholders equity	2.08	5.43	5.55	27.59	(30.01)	4.27	13.05
Dividend payout ratio	90.91	N/A	N/A	N/A	N/A	95.80	31.02
Net interest margin, fully-taxable equivalent	3.18	3.10	3.19	2.72	3.20	3.80	4.23
Average loans to average deposits	91.50	89.07	105.68	98.24	105.54	106.82	109.65
Average equity to average assets	12.08	11.49	11.79	8.12	5.65	7.29	7.01
Allowance for loan losses to period end loans	1.92	2.56	1.85	3.58	3.21	1.54	1.25
Allowance for loan losses to total non-performing loans	38.52	41.82	34.03	55.43	94.65	62.59	81.82
Non-performing loans to period end loans	4.97	6.10	5.44	6.48	3.39	2.45	1.53
Net charge-offs to average loans	0.02	1.13	1.80	2.26	3.27	1.15	0.20
Avg Loans	265,152	273,424	271,503	385,153	627,685	583,239	542,412
Net Charge-offs	41	3,068	4,883	8,715	20,503	6,709	1,079

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Selected Consolidated Financial Data of Exchange

The tables below contain information regarding the financial condition and earnings of Exchange for the five years ended December 31, 2004, and the six months ended June 30, 2005 and 2004. This information is based on information contained in Exchange s quarterly report on Form 10-QSB and annual reports on Form 10-KSB filed with the Securities and Exchange Commission.

	At June 30,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands)				
Exchange consolidated statement of financial condition:							
Total assets	$ 85,230	$ 97,987	$ 90,719	$ 101,819	$ 110,688	$ 106,456	$ 103,155
Securities available-for-sale	18,605	22,258	22,258	22,416	16,987	14,150	14,770
FRB and FHLB stock	698	686	686	665	665	665	665
Loans, net of unearned income	60,397	64,421	62,274	68,555	72,512	81,182	79,279
Allowance for loan losses	1,130	1,140	1,106	1,395	1,417	844	756
Deposits	75,328	89,045	82,007	92,249	100,845	95,231	90,108
FHLB advances	565	76	74	86	100	115	2,632
Other borrowings	150						
Shareholders equity	7,926	8,436	8,298	9,069	9,222	10,452	9,933

	Six months ended June 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands, except per share data)				
Exchange consolidated statement of operations:							
Interest income	$ 2,256	$ 2,527	$ 4,950	$ 5,880	$ 7,035	$ 8,287	$ 8,261
Interest expense	544	749	1,399	1,965	2,872	4,075	3,878
Net interest income	1,712	1,778	3,551	3,915	4,163	4,212	4,383
Provision for loan losses	213	454	542	250	2,019	15	75
Non-interest income	253	239	492	622	768	680	552
Non-interest expense	2,099	1,980	4,065	4,045	4,587	4,016	3,864
Income (loss) before income taxes	(347)	(417)	(564)	242	(1,675)	861	996
Income taxes				70	(585)	269	320
Net income (loss)	(347)	(417)	(564)	172	(1,090)	592	676
Earnings (loss) per share	(0.59)	(0.71)	(0.96)	0.29	(1.86)	1.01	1.16
Cash dividends per share				0.25	0.25	0.50	0.49
Book value at period end	13.51	14.38	14.14	15.46	15.72	17.82	16.96
Weighted average shares outstanding	586,644	586,644	586,644	586,644	586,644	585,553	583,870

	At or for the six months ended June 30,	Year ended December 31,

	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)			(In thousands)			
Other data:							
Return on average assets	(0.80)%	(0.83)%	(0.57)%	0.16%	(1.01)%	0.55%	0.67%
Return on average shareholders equity	(8.66)	(9.41)	(6.57)	1.85	(10.51)	5.93	7.18
Dividend payout ratio				84.88	n/a	49.49	42.16
Net interest margin, fully-taxable equivalent	4.24	3.78	3.85	3.95	4.12	4.16	4.63
Average loans to average deposits	77.41	72.78	72.48	71.52	82.55	81.29	89.12
Average equity to average assets	9.26	8.85	8.73	8.69	9.60	9.26	9.27
Allowance for loan losses to period end loans	1.87	1.77	1.78	2.03	1.95	1.04	0.95
Allowance for loan losses to total non-performing loans	78.97	96.12	118.42	68.65	67.00	49.01	136.96
Non-performing loans to period end loans	2.37	1.84	1.50	2.96	2.92	2.12	0.70
Net charge-offs to average loans	0.62	1.93	1.21	0.39	1.81	(0.09)	0.42
Average loans	$ 60,849	$ 66,478	$ 64,668	$ 69,281	$ 79,717	$ 78,724	$ 77,012
Net charge-offs	189	643	781	272	1,446	(73)	327

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Comparative Per Share Data

Presented below are the book value per share and net earnings per share of (a) Rurban on a historical basis, (b) Exchange on a historical basis, (c) Rurban on a pro forma basis and (d) Exchange on an equivalent pro forma basis, adjusted to reflect the completion of the merger as of the beginning of each of the periods indicated. The information in the following table is not necessarily indicative of the results which actually would have been obtained if we had completed the merger before the periods indicated.

	Six months ended June 30, 2005	Year ended December 31, 2004
Rurban historical		
Earnings (loss) per share:		
Basic	$ .11	$ .60
Diluted	.11	.60
Book value per share	11.07	11.01
Cash dividends paid per share	.10	N/A
Exchange historical		
Earnings (loss) per share:		
Basic	$ (.59)	$ (.96)
Diluted	(.59)	(.96)
Book value per share	13.51	14.14
Cash dividends paid per share	N/A	N/A
Rurban pro forma		
Earnings (loss) per share:		
Basic (1)	$ (.02)	$ .34
Diluted (1)	(.02)	.34
Book value per share (2)	11.29	11.20
Cash dividends paid per share (3)	.10	N/A
Exchange pro forma equivalent		
Earnings (loss) per share:		
Basic (4)	$ (.03)	$ .53
Diluted (4)	(.03)	.53
Book value per share (4)	17.55	17.42
Cash dividends paid per share (4)	.16	N/A

(1) The pro forma earnings per basic/diluted common share is computed by dividing pro forma income by the applicable weighted average pro forma common shares of Rurban.

(2) The pro forma book value per share is computed by dividing the pro forma shareholders equity by total pro forma common shares of Rurban.

(3) Rurban pro forma cash dividends declared per share represent historical cash dividends declared per share by Rurban.

(4) Exchange equivalent pro forma per share amounts are computed by multiplying the Rurban pro forma amounts by the calculated exchange ratio of 1.555.

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Pro Forma Financials

The following unaudited pro forma condensed combined consolidated balance sheet and statement of income are based on the historical consolidated financial statements of Rurban and Exchange, giving effect to the merger to be accounted for under the purchase method of accounting.

Under the purchase method of accounting, the tangible and identifiable assets and liabilities of Exchange will be recorded at estimated fair values at the time the merger is consummated. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets will be recorded as goodwill. The adjustments necessary to record tangible and identifiable intangible assets and liabilities at fair value will be amortized to income and expense over the estimated remaining lives of the related assets and liabilities. At a minimum, goodwill will be subject to an annual test for impairment and the amount impaired, if any, will be charged to expense at the time of impairment.

The following unaudited pro forma combined consolidated balance sheet as of June 30, 2005 and the unaudited pro forma condensed combined statement of income for the year ended December 31, 2004 and the six months ended June 30, 2005 have been prepared to reflect Rurban s acquisition of Exchange as if the acquisition had occurred on June 30, 2005 with respect to the balance sheet, as of January 1, 2004 with respect to the statement of income for the year ended December 31, 2004, and as of January 1, 2005 with respect to the statement of income for the six months ended June 30, 2005, in each case giving effect to the pro forma adjustments described in the accompanying notes.

The pro forma adjustments are based on estimates made for the purpose of preparing these pro forma financial statements. The actual adjustments to the accounts of Rurban will be made based on the underlying historical financial data and fair value of Exchange s assets and liabilities at the time of the transaction. Rurban s management believes that the estimates used in these pro forma financial statements are reasonable under the circumstances.

The proforma condensed combined consolidated balance sheet and statements of income include an estimate for core deposit premium of 3% of selected deposit balances and the related income statement impact for the periods presented. A deposit premium study will be performed and the core deposit intangible will be appropriately adjusted.

The pro forma condensed combined consolidated balance sheet and statements of income have been prepared based on the purchase method of accounting assuming 456,116 Rurban shares will be issued. For a discussion of the number of shares that may be issued in the merger, see The Merger Merger consideration. For a discussion of the purchase method of accounting, see The Merger Accounting treatment.

The unaudited pro forma condensed combined consolidated balance sheet as of June 30, 2005 is not necessarily indicative of the combined financial position had the merger been effective at that date. The unaudited pro forma condensed combined consolidated statements of income are not necessarily indicative of the results of operations that would have occurred had the merger been effective at the beginning of the periods indicated, or of the future results of Rurban. These pro forma financial statements should be read in conjunction with the historical financial statements and the related notes incorporated elsewhere in this document.

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Rurban/Exchange

Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet

June 30, 2005

	Rurban historical	Exchange historical	Combined Rurban and Exchange	Pro Forma adjustments	Combined pro forma
			(In Thousands)		
Assets					
Cash and due from banks	$ 8,044	$ 2,322	$ 10,366	$ 3,547 (1)	$ 13,081
				(832)(2)	
Fed funds sold	23,200		23,200		23,200
Securities available for sale	108,719	18,605	127,324		127,324
Loans, net of unearned income	271,827	60,397	332,224		332,224
Allowance for loan losses	(5,210)	(1,130)	(6,340)		(6,340)
Premises and equipment	9,405	3,205	12,610		12,610
Goodwill	6,506		6,506	3,745 (1)	11,503
				420 (3)	
				832 (2)	
Core deposit intangible	1,069		1,069	1,235 (3)	2,167
				(137)(1)	
Other assets	27,488	1,813	29,319		29,319
Total Assets	$ 451,048	$ 85,230	$ 536,278	$ 8,810	$ 545,088
Liabilities					
Non-interest bearing deposits	$ 41,422	$ 12,553	$ 53,975		$ 53,975
Interest-bearing deposits	298,983	62,775	361,758		361,758
Total deposits	340,405	75,328	415,733		415,733
Borrowed funds	45,029	1,552	46,581		46,581
Other liabilities	4,704	424	5,128	420 (3)	5,699
				300 (1)	
				(149)(1)	
Trust preferred securities	10,310		10,310	$ 10,000 (1)	20,310
Total Liabilities	$ 400,448	$ 77,304	$ 477,752	$ 10,571	$ 488,323
Shareholders equity					
Common stock	$ 11,439	$ 2,933	$ 14,372	$ (2,933)(1)	$ 12,579
				1,140 (1)	
Paid in capital	10,999	5,071	16,070	(5,071)(1)	16,312
				5,313 (1)	
Retained earnings	29,012	47	29,059	(47)(1)	28,724
				(288)(1)	
Accumulated comprehensive income	(614)	(125)	(739)	125 (1)	(614)
Treasury stock	(236)		(236)		(236)

Total shareholders equity	$ 50,600	$ 7,926	$ 58,526	$ (7,926)[1]	56,765
				(288)	
				6,453 [1]	
Total liabilities and shareholders equity	$ 451,048	$ 85,230	$ 536,278	$ 8,810	$ 545,088

The accompanying notes are an integral part of the unaudited pro forma condensed combined consolidated financial information.

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Rurban/Exchange

Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations

For the Year Ended December 31, 2004

	Rurban historical	Exchange historical	Combined Rurban and Exchange	Pro forma adjustments	Pro forma combined
	(In Thousands, except per share data)				
Interest income					
Loans	$ 16,217	$ 4,214	$ 20,431		$ 20,431
Investments	3,732	681	4,413		4,413
Fed funds sold and other	79	55	134		134
Total interest income	20,028	4,950	24,978		24,978
Interest expense					
Deposits	4,554	1,394	5,948		5,948
Borrowings	2,278	5	2,283		2,283
Trust preferred securities	1,119		1,119	600 (1)	1,719
Total interest expense	7,951	1.399	9,350	600	9,950
Net interest income	12,077	3,551	15,628	(600)	15,028
Provision for loan losses	(400)	542	142		142
Net interest income after provision	12,477	3,009	15,486	(600)	14,886
Non-interest income:					
Data service fees					
Trust fees	10,478		10,478		10,478
	3,042		3,042		3,042
Other income	3,170	492	3,662		3,662
Total non-interest income	16,690	492	17,182		17,182
Non-interest expense:					
Salaries and benefits					
Net occupancy					
Equipment	12,993	2,060	15,053		15,053
	982	540	1,522		1,522
Professional fees	4,337	n/a	4,337		4,337
	2,253	227	2,480		2,480
Other	4,759	1,238	5,997	278 (3)	6,275

Total non-interest expense	25,324	4,065	29,389	278 [3]	29,667
Income (loss) before taxes	3,843	(564)	3,279	(878)[1]	2,401
Federal taxes	1,109	0	1,109	(416)	693
Net income (loss)	2,734	$ (564)	$ 2,170	$ (462)	$ 1,708
Average shares outstanding (000 s):					
Basic	4,559	587			5,015
Diluted	4,572	587			5,028
Earnings per share:					
Basic	$ 0.60	$ (0.96)			$ 0.34
Diluted	$ 0.60	$ (0.96)			$ 0.34

The accompanying notes are an integral part of the unaudited pro forma condensed combined consolidated financial information.

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Rurban/Exchange

Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations

For the Six Months Ended June 30, 2005

	Rurban historical	Exchange historical	Combined Rurban and Exchange	Pro forma adjustments	Pro forma combined
	(In thousands, except per share data)				
Interest income					
Loans	$ 7,941	$ 1,957	$ 9,898		$ 9,898
Investments	2,134	286	2,420		2,420
Federal funds sold and other	102	13	115		115
Total interest income	10,177	2,256	12,433		12,433
Interest expense					
Deposits	2,397	539	2,936		2,936
Borrowings	1,314	5	1,319		1,319
Trust preferred securities	542		542	300 (1)	842
Total interest expense	4,253	544	4,797	300 (1)	5,097
Net interest income	5,924	1,712	7,636	(300)(1)	7,336
Provision for loan losses	352	213	565		565
Net interest income after provision	5,572	1,499	7,071	(300)(1)	6,771
Non-interest income:					
Data service fees	5,828		5,928		5,828
Trust fees	1,584		1,584		1,584
Other income	1,417	253	1,670		1,670
Total non-intertest income	8,829	253	9,082		9,082
Non-interest expense:					
Salaries and benefits	6,732	971	7,703		7,703
Net occupancy	584	248	832		832
Equipment	2,537	n/a	2,537		2,537
Professional fees	1,229	111	1,340		1,340
Other	2,682	769	3,451	137	3,588
Total non-interest expense	13,764	2,099	15,863	137 (3)	16,000
Income (loss) before taxes	637	(347)	290	(437)(1)	(147)
Federal taxes	112		112	(149)(1)	(37)
Net income (loss)	$ 525	$ (347)	$ 178	$ (288)(1)	$ (110)
Average shares outstanding (000 s):					
Basic	4,569	587			5,025
Diluted	4,579	587			5,025

Earnings per share:			
Basic	$ 0.11	$ (0.59)	$ (0.02)
Diluted	$ 0.11	$ (0.59)	$ (0.02)

The accompanying notes are an integral part of the unaudited pro forma combined condensed consolidated financial information.

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Notes to Unaudited Pro Forma Condensed Combined Financial Data

Note 1 Transaction and Pro Forma Adjustments

The merger of Exchange with and into Rurban will be accounted for using the purchase method of accounting, and accordingly the assets acquired and liabilities assumed of Exchange will be recorded at their respective fair values on the date the merger is completed. Each Exchange common share that is issued and outstanding immediately prior to the effective time of the merger will be cancelled and converted, by virtue of the merger and without any further action, into the right to receive either (a) $22.00 in cash or (b) 1.555 Rurban common shares. Elections will be limited by the requirement that the aggregate cash consideration that will be paid to Exchange shareholders, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). The unaudited pro forma financial statements reflect the issuance of 456,116 Rurban common shares and the payment of cash consideration in the amount of $6,453,000 to Exchange shareholders in the merger.

The following are the items impacting cash (in thousands):

Issuance of Trust Preferred Securities	$ 10,000
Payment for Exchange shares	(6,453)
Payment of merger related charges	(832)
Net cash impact	$ 2,715

The following are the items impacting Goodwill and Core Deposit Premium (in thousands):

Outstanding shares of Exchange (actual)		586,644
Share to be exchanged (1/2)		293,322
Exchange ratio of Rurban shares for Exchange		1.555
Rurban shares to be issued		456,116
Market value of Rurban shares		6,453
Cash issued in transaction		6,453
Total purchase price		$ 12,906
Fair market value of Exchange s net assets		7,926
Pro forma excess purchase price over net assets acquired at fair market value		$ 4,980
Merger related charges		832
Estimated core deposit intangible:		
Eligible pro forma deposits	$ 41,170	
Premium rate	3.00%	$ (1,235)
Deferred income taxes:		
Core deposit intangible	$ 1,235	
Income tax rate	34%	$ 420
Goodwill		$ 4,997

The unaudited pro forma financial information includes estimated adjustments to record certain assets acquired and liabilities assumed of Exchange at their respective fair values. The recorded assets and liabilities of Exchange were substantially the same as their respective fair values for the periods presented. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed.

The pro forma taxes associated with the transaction assumes that if the merger would have been effective on January 1st of each period presented that Rurban would be able to record the tax benefit associated with the losses generated at Exchange on a consolidated basis.

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The final allocation of the purchase price will be determined after the merger is completed and after completion of thorough analyses to determine fair values of Exchange s tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Any change in the fair market value of the net assets of Exchange will change the amount of the purchase price allocated to goodwill. Additionally, changes to Exchange s shareholders equity from June 30, 2005 through the date the merger is completed will also change the amount of goodwill recorded. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

In connection with the merger, Rurban, through a to-be-created business trust subsidiary, anticipates issuing $10,000,000 in trust preferred securities to fund the cash portion of the transaction. Rurban has received a commitment letter from a capital markets firm to arrange the trust preferred offering. The trust preferred securities will be purchased in private placement transactions by the capital markets firm and/or third party purchasers. The trust preferred securities will have general characteristics and features that are typical for trust preferred securities that are issued by financial institutions. For purposes of the pro forma financial information, an assumed interest rate of 6.00% for the trust preferred securities has been used and interest expense of $300 thousand and $600 thousand reflected in the pro forma condensed combined consolidated statement of income for the six months ended June 30, 2005 and the year ended December 31, 2004, respectively.

Note 2 Merger Related Charges

In connection with the merger of Exchange with and into Rurban, pre tax merger related charges of approximately $832,000 are expected to be incurred. These charges are expected to include $679,000 in severance payments on change of control agreements and legal fees of $153,117. An accrual for the merger related charges has been reflected in the pro forma adjustments to the unaudited condensed combined consolidated balance sheet as of June 30, 2005. Since these charges will not have a continuing impact on the operations of the combined company, they are not included in the unaudited pro forma condensed combined consolidated statements of income for the year ended December 31, 2004 and for the six months ended June 30, 2005.

Note 3 Estimation of Core Deposits

In connection with the merger of Exchange with and into Rurban, an estimate of core deposit intangibles of $1,235,000 has been used. This is based on selected deposit balances at June 30, 2005 and multiplying that base by 3%. The annual cost associated with the core deposit is calculated by using an average life of the deposits of eight years and an amortization charge based upon a sum-of-the-years digits amortization method.

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Incorporation by Reference

The Securities and Exchange Commission allows us to incorporate by reference into this prospectus/proxy statement, which means that the companies can disclose important information to you by referring you to another document filed separately with the Securities and Exchange Commission. The information incorporated by reference is considered to be part of this prospectus/proxy statement, except for any information superseded by information contained in later-filed documents incorporated by reference in this prospectus/proxy statement. You should read the information relating to the companies contained in this prospectus/proxy statement and the information in the documents incorporated by reference.

This document incorporates by reference the documents listed below that Rurban has previously filed with the Securities and Exchange Commission and any future filings made by it with the Securities and Exchange Commission before the special meeting of shareholders to be held on October 11, 2005 under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Commission Filings (File No. 0-13507)	**Period/Date**
Annual Report on Form 10-K	Year ended December 31, 2004 (a copy of which is attached as Annex D to this document)
Quarterly Report on Form 10-Q	Quarter ended March 31, 2005
Quarterly Report on Form 10-Q	Quarter ended June 30, 2005 (a copy of which is attached as Annex E to this document)
Current Reports on Form 8-K	Filed on February 2, February 22, March 21, April 14, May 10, June 21, June 23, July 22 and July 27, 2005

This document incorporates by reference the description of Rurban common shares contained in Rurban s registration statement on Form 10 filed by Rurban on April 30, 1985, including any amendment or reports filed for the purpose of updating such description, the documents listed below that Exchange has previously filed with the Securities and Exchange Commission and any future filings made by it with the Securities and Exchange Commission before the special meeting of shareholders to be held on October 11, 2005 under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Commission Filings (File No. 33-54566)	**Period/Date**
Annual Report on Form 10-KSB/A	Year ended December 31, 2004 (a copy of which is attached as Annex F to this document)
Quarterly Report on Form 10-QSB/A	Quarter ended March 31, 2005
Quarterly Report on Form 10-QSB	Quarter ended June 30, 2005 (a copy of which is attached as Annex G to this document)
Current Reports on Form 8-K	Filed on April 13, June 20, July 8 and August 15, 2005

You can receive the documents incorporated by reference (without exhibits, unless the exhibits are specifically incorporated by reference into this prospectus/proxy statement) without charge by calling or writing one of the following persons:

Rurban Financial Corp.

401 Clinton Street

Defiance, Ohio 43512

Attention: James E. Adams

(419) 783-8950

Exchange Bancshares, Inc.

237 Main Street

Luckey, Ohio

Attention: Marion Layman

(419) 833-3401

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Any request for documents should be made by October 3, 2005 to ensure timely delivery of the documents prior to the special meeting.

You may also obtain copies of the documents from the Securities and Exchange Commission through its website. See Where You Can Find More Information on page 53.

Following the merger, Rurban will continue to be regulated by the information, reporting and proxy statement requirements of the Securities Exchange Act of 1934, as amended.

Sources of Information

Rurban provided all information in this prospectus/proxy statement relating to it, and Exchange provided all information in this prospectus/proxy statement relating to it. Each party is responsible for the accuracy of its information.

You should rely only on the information which is contained in this document or to which we have referred in this document. We have not authorized anyone to provide you with information that is different.

Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements. Forward-looking statements include the information concerning future results of operations, cost savings and synergies of Rurban and Exchange after the merger and those statements proceeded by, followed by or that otherwise include the terms should, believe, expect, anticipate, intend may, will, continue, estimate and other expressions that indicate future events and trends. Although Rurban and Exchange believe, in making such statements, that their expectations are based on reasonable assumptions, these statements may be influenced by risks and uncertainties which could cause actual results and trends to be substantially different from historical results or those anticipated, depending on a variety of factors. These risks and uncertainties include, without limitation:

- expected cost savings from the merger may not be fully realized or realized within the expected time frame;
- revenues following the merger may be lower than expected or deposit withdrawals, operating costs or customer loss and business disruption following the merger may be greater than expected;
- competition among depository and other financial services companies may increase significantly;
- costs or difficulties related to the integration of Rurban and Exchange may be greater than expected;

general economic or business conditions, such as interest rates, may be less favorable than expected;

adverse changes may occur in the securities market; and

legislation or changes in regulatory requirements may adversely affect the businesses in which Rurban is engaged.

You should understand that these factors, in addition to those discussed elsewhere in this document and in documents that have been incorporated by reference, could affect the future results of Rurban and Exchange, and could cause those results to be substantially different from those expressed in any forward-looking statements. Rurban and Exchange do not undertake any obligation to update any forward-looking statement to reflect events or circumstances arising after the date of this document.

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The Special Meeting

Purpose, time and place

This prospectus/proxy statement is being sent to you in connection with the solicitation of proxies by the Exchange Board of Directors for use at the special meeting to be held at 7:30 p.m., on October 11, 2005, at Eastwood High School, 4900 Sugar Ridge Road, Pemberville, Ohio. At the special meeting, shareholders will be asked to consider and vote upon the following matters:

To approve and adopt the Agreement and Plan of Merger, dated as of April 13, 2005, by and between Rurban Financial Corp. and Exchange Bancshares, Inc., which provides for the merger of Exchange with and into Rurban; and

To transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Shares outstanding and entitled to vote; record date

Only shareholders of record on September 9, 2005, will be entitled to notice of and to vote at the special meeting of shareholders. At the close of business on the record date, September 9, 2005, there were 586,644 Exchange shares issued and outstanding and entitled to vote. The Exchange shares were held of record by approximately 778 shareholders. Each Exchange share entitles the holder to one vote on all matters properly presented at the special meeting of shareholders.

Votes required

Approval of the merger agreement requires the holders of a majority of the outstanding Exchange shares, or 293,323 shares, to vote in favor of the merger agreement. As of September 9, 2005, the directors and executive officers of Exchange and Exchange Bank and the affiliates of such directors and executive officers had sole or shared voting power with respect to 65,841 Exchange shares, or 11.2% of the outstanding Exchange shares. The directors of Exchange have entered into voting agreements with Rurban pursuant to which they have agreed to vote 65,841 Exchange shares, or 11.2% of the outstanding Exchange shares, for the adoption and approval of the merger agreement.

Each share of Exchange is entitled to one vote on the proposal. A quorum, consisting of the holders of a majority of the outstanding Exchange shares, must be present in person or by proxy at the special meeting before any action can be taken. Under Ohio law, only votes cast in favor of a proposal count as being voted for the proposal. Therefore, abstentions and broker non-votes will have the effect of a vote against the adoption and approval of the merger agreement. Also, if you fail to return your properly executed proxy card, the effect will be the same as a vote against approval and adoption of the merger agreement.

If you return your properly executed proxy card prior to the special meeting and do not revoke it prior to its use, the Exchange shares represented by that proxy card will be voted at the special meeting, or any adjournment of the special meeting. The Exchange shares will voted as specified on the proxy card or, in the absence of specific instructions to the contrary, will be voted **For** the approval and adoption of the merger

agreement.

Voting, solicitation and revocation of proxies

A proxy card for use at the special meeting of shareholders accompanies each copy of this prospectus/proxy statement mailed to Exchange shareholders. This proxy is solicited by the Exchange Board of Directors. Whether or not you attend the special meeting, the Exchange Board of Directors urges you to return the enclosed proxy card. If you have executed a proxy, you may revoke it at any time before a vote is taken at the special meeting by:

filing a written notice of revocation with the Secretary of Exchange, at 237 Main Street, Luckey, Ohio 43443;

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executing and returning a later-dated proxy received by Exchange prior to a vote being taken at the special meeting; or

attending the special meeting and giving notice of revocation in person.

Your attendance at the special meeting will not, by itself, revoke your proxy.

If you are an Exchange shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder in order to vote your shares in person at the special meeting.

We do not expect any matter other than the merger agreement to be brought before the Exchange special meeting of shareholders. If any other matters are properly brought before the special meeting for consideration, shares represented by properly executed proxies will be voted in the discretion of the persons named in the proxy card in accordance with their best judgment.

Exchange will pay all costs incurred in connection with the solicitation of proxies on behalf of the Exchange Board of Directors. Proxies will be solicited by mail and may also be solicited, for no additional compensation, by officers, directors or employees of Exchange. Exchange will also pay the standard charges and expenses of brokerage houses, voting trustees, banks, associations and other custodians, nominees and fiduciaries, who are record holders of Exchange shares not beneficially owned by them, for forwarding the proxy materials to, and obtaining proxies from, the beneficial owners of Exchange shares entitled to vote at the special meeting of shareholders.

Dissenters Rights

The following is a summary of the steps that you must take if you wish to exercise dissenters rights with respect to the merger. This description is not complete. You should read Section 1701.85 of the Ohio General Corporation Law, which is attached as Annex C to this document, for a more complete discussion of the procedures. **If you fail to take any one of the required steps, your dissenters rights may be terminated under Ohio law.** If you are considering dissenting, you should consult your own legal advisor.

To exercise dissenters rights, you must satisfy five conditions:

you must be an Exchange shareholder of record on September 9, 2005;

you must not vote your Exchange shares in favor of the merger;

you must deliver a written demand for the fair cash value of the dissenting shares within 10 days of the date on which the vote is taken;

if Exchange requests, you must send your stock certificates to Exchange within 15 days of the request so that a legend may be added stating that a demand for fair cash value has been made; and

if you do not reach an agreement as to the fair cash value of your shares with Exchange, you must file a complaint in court for determination of the fair cash value.

All demands should be sent to Exchange Bancshares, Inc., 237 Main Street, Luckey, Ohio 43443, Attention: Marion Layman.

Fair cash value is the amount that a willing seller, under no compulsion to sell, would be willing to accept, and that a willing buyer, under no compulsion to purchase, would be willing to pay. Fair cash value is determined as of the day before the special meeting, excluding any appreciation or depreciation in market value of your shares resulting from the merger. The fair cash value of your shares may be higher, the same as, or lower than the market value of Exchange shares on the date of the merger. In no event will the fair cash value be in excess of the amounts specified in the dissenting shareholder s demand.

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The following is a more detailed description of the conditions you must satisfy to perfect your dissenters rights:

You must be the record holder of the dissenting shares as of September 9, 2005. If you have a beneficial interest in Exchange shares that are held of record in the name of another person, you must cause the shareholder of record to follow the required procedures.

You must not vote in favor of the merger agreement. This requirement is satisfied if:

- you submit a properly executed proxy with instructions to vote against the adoption of the merger agreement or to abstain from the vote; or
- you do not return a proxy or you revoke a proxy and you do not cast a vote at the special meeting in favor of the approval and adoption of the merger agreement.

If you vote in favor of the merger agreement, you will lose your dissenters rights. If you sign a proxy and return it but do not indicate a voting preference on the proxy, the proxy will be voted in favor of the approval and adoption of the merger agreement and will constitute a waiver of dissenters rights.

You must file a written demand with Exchange on or before the 10th day after the day on which the Exchange shareholders approve and adopt the merger agreement. Exchange will not inform you of the expiration of the 10-day period. The written demand must include your name and address, the number of dissenting shares and the amount you claim as the fair cash value of those shares. Voting against the merger does not constitute a written demand as required under Ohio law.

If Exchange requests, you must submit your certificates for dissenting shares to Exchange within 15 days after it sends its request so that a legend may be placed on the certificates, indicating that demand for cash value was made. The certificates will be returned to you by Exchange. Exchange intends to make this request to dissenting shareholders.

You must file a petition with the court if you do not reach an agreement with Exchange as to the fair cash value of your shares. You must file the petition with the Court of Common Pleas of Wood County, Ohio, for a determination of the fair cash value of the dissenting shares within three months after service of your demand to Exchange for fair cash value. The court will determine the fair cash value per share. The costs of the proceeding, including reasonable compensation to appraisers, will be assessed as the court considers equitable.

Your right to receive the fair cash value of your dissenting shares will terminate if:

- the merger does not become effective;
- you fail to make a timely written demand on Exchange;
- you do not, upon request of Exchange, surrender your Exchange certificates in a timely manner;

you withdraw your demand, with the consent of Exchange; or

Exchange and you have not come to an agreement as to the fair cash value of the dissenting shares and you do not timely file a complaint.

The Merger

If the holders of at least a majority of the Exchange shares vote to approve and adopt the merger agreement, the necessary regulatory approvals are received and all conditions to the completion of the merger are satisfied or waived, the acquisition of Exchange and Exchange Bank by Rurban will be accomplished through the merger of Exchange with and into Rurban.

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The parties to the merger agreement

Rurban. Rurban is a financial services holding company headquartered in Defiance, Ohio. Rurban s direct and indirect subsidiaries include The State Bank and Trust Company, Reliance Financial Services, N.A., Rurbanc Data Services, Inc. (RDSI) and RFCBC, Inc. The State Bank and Trust Company offers a full range of financial services through its 12 offices located in Defiance, Paulding, Allen and Fulton Counties in Northwest Ohio. The State Bank and Trust Company also offers, through its wholly-owned trust company, Reliance Financial Services, N.A., a diversified array of trust and financial services to customers throughout the Midwest. RDSI provides data processing services to community banks in Ohio, Michigan, Indiana, Illinois and Missouri. RFCBC operates as a loan subsidiary in servicing and working out problem loans.

At June 30, 2005, Rurban had 230 full-time equivalent employees, total assets of $451.0 million, total loans of $271.8 million, total deposits of $340.4 million, and total shareholders equity of $50.6 million. Rurban common shares are traded on The Nasdaq National Market (Nasdaq) under the symbol RBNF.

Exchange. Exchange is a bank holding company headquartered in Luckey, Ohio. Exchange s wholly-owned subsidiary, The Exchange Bank, was formed in 1906 and offers a full range of financial services through its five offices located in Lucas and Wood Counties in Northwest Ohio.

At June 30, 2005, Exchange had 41 full-time and 10 part-time employees, total assets of $85.2 million, total loans of $60.4 million, total deposits of $75.3 million, and total shareholders equity of $7.9 million. Exchange common shares are quoted on the OTC Bulletin Board under the symbol EBLO.OB.

Background and reasons for the merger

Rurban. Rurban believes the merger will benefit its shareholders because the merger will enable Rurban to expand its presence in the metropolitan Toledo markets currently served by Exchange, strengthen the competitive position of the new combined organization, generate cost savings and enhance other opportunities for Rurban.

Exchange. In November, 2004, representatives of Exchange s Board of Directors held conversations with Gary Young, Chairman of Young & Associates, Inc., a financial institution consulting firm based in Kent, Ohio, regarding Exchange and Exchange Bank and their strategic alternatives to enhance and maximize the value of Exchange s common shares. On December 1, 2004, Mr. Young met with representatives of the Board of Directors. Mr. Young presented financial projections he had prepared assuming Exchange remained independent. The projections were based on recent financial results of Exchange and reflected below industry average financial performance. The representatives of the Board of Directors discussed with Mr. Young reasons for the poor financial performance of Exchange and Exchange Bank, including without limitation, deteriorating loan quality, senior management turnover and increasing competition, and expressed their concern that these issues would be difficult to overcome while remaining independent. The representatives of the Board of Directors also discussed with Mr. Young the possibility of selling offices/branches or marketing Exchange or Exchange Bank for sale as potential strategic alternatives.

After considering the advantages and disadvantages of the alternatives, the representatives of the Board of Directors determined that marketing Exchange and/or Exchange Bank for sale was likely the best course of action to pursue in order to achieve the maximum value of Exchange s common shares. Mr. Young was asked to provide a draft engagement letter to Exchange to represent Exchange in its investigation of a merger or sale. The engagement letter was provided to Exchange on December 3, 2004.

The representatives of the Board who had met with Mr. Young presented the substance of their discussions with the remaining members of the Board of Directors. The Board of Directors agreed to move forward to investigate a merger or sale of Exchange or Exchange Bank and to engage Capital Market Securities, Inc. (CMS), a subsidiary of Young & Associates, to assist in the process under the terms of the draft engagement letter.

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At a meeting with Stephen Clinton, President of CMS, on December 16, 2004, Exchange executed an engagement letter with CMS for CMS to serve as its investment banker to assist and provide advice in the marketing process. Over the next month Exchange provided CMS with certain financial performance and other information which CMS analyzed and summarized into a confidential written memorandum (the Marketing Materials) to be distributed to potential acquirers. Mr. Clinton met with the Board of Directors of Exchange on January 21, 2005, to review the Marketing Materials and to discuss and identify a list of potential acquirers. At that meeting, the Board of Directors approved the Marketing Materials and approved the list of fourteen financial institutions that the Board of Directors determined were legitimate potential acquirers. Mr. Clinton was directed to contact each of the potential acquirers to determine whether or not they had an interest in pursuing an acquisition of Exchange and/or Exchange Bank.

Of the fourteen financial institutions contacted, nine expressed interest in receiving and reviewing the Marketing Materials. Those nine entered into confidentiality agreements with Exchange, received the Marketing Materials and were instructed to present initial written proposals to CMS no later than February 23, 2005.

Four proposals were received, including a proposal from Rurban. CMS met with the Exchange Board of Directors on February 25, 2005, to review and analyze the initial proposals. In each case the proposals were expressly made subject to due diligence.

Following extensive discussion of the four proposals, including, among other things, the proposed per share price, make-up of the proposed consideration (cash and/or stock), historic and projected financial performance and condition of each bidder and likelihood of regulatory approval of a transaction with each bidder, the Board of Directors authorized CMS to invite Rurban and one other bidder to conduct due diligence. Due diligence was conducted during the weeks of March 7, and March 14, 2005. Additionally, each of Rurban and the other bidder met with Exchange s Board of Directors to present and review their respective business philosophies and plans for Exchange Bank if a transaction were to be consummated.

Rurban and the other bidder were instructed to present final offers no later than March 18, 2005. Rurban submitted a final offer on that date, which consisted of a proposed merger of Exchange with and into Rurban valued at $22.00 per Exchange common share (1.555 Rurban common shares or $22.00 cash). However, the other bidder declined to submit an offer.

CMS prepared a written analysis of the Rurban offer and presented it to the Board of Directors on March 21, 2005. After extensive discussion of the offer, the Board of Directors authorized the acceptance of the Rurban offer and authorized legal counsel and CMS to work with Rurban and their legal counsel on the preparation of a definitive agreement for the transaction.

At a meeting of the Board of Directors held on April 12, 2005, the Board of Directors reviewed and discussed with CMS and legal counsel the final definitive agreement, the related agreements and documents and the proposed transaction. Additionally, at that meeting, Mr. Clinton presented his analysis of the financial terms of the transaction and concluded that, in CMS s opinion, the consideration to be received by the holders of Exchange common shares in connection with the merger is fair from a financial point of view. Following extensive discussion and deliberation, the Board of Directors voted unanimously to approve the Agreement and Plan of Merger, to authorized the execution and delivery thereof. The Agreement and Plan of Merger was executed by Exchange and Rurban on April 13, 2005.

In reaching its determination to adopt the merger agreement, and to recommend its approval, by the shareholders, the Exchange Board of Directors consulted with Exchange and Exchange Bank management, legal consultants and Capital Market Securities, Inc., and considered the following material factors in support of the Board s recommendation:

the financial terms of the merger, as presented to the Exchange Board, are fair to the shareholders of Exchange;

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the benefits to Exchange Bank through an enhanced ability to meet the financial needs of its customers and compete in the rapidly changing financial services industry;

certain cost savings due to economies of scale and enhanced continuity of management;

the effect on shareholder value of Exchange remaining an independent entity in light of management s financial projections, considered in the face of increased competition to community banks in general from large bank holding companies and other financial institutions;

the long-term interests of Exchange and its shareholders, as well as the interests of Exchange s and Exchange Bank s employees, customers, creditors and the communities in which Exchange operates;

the cost of compliance by Exchange and Exchange Bank with the respective regulatory requirements and directives of the Federal Reserve, the Federal Deposit Insurance Corporation and the Ohio Division of Financial Institutions to which they are subject;

the ability of Exchange Bank to pay dividends to Exchange in the foreseeable future in light of regulatory requirements and restrictions;

the ability of Exchange to pay dividends to its shareholders in the foreseeable future in light of regulatory requirements and restrictions;

the opinion delivered to the Exchange Board of Directors by Capital Market Securities to the effect that, as of the date of the opinion and based upon and subject to the considerations in its opinion, the merger consideration was fair from a financial point of view to the holders of Exchange common shares;

the current and ongoing cost of compliance with the Sarbanes-Oxley Act and related regulations; and

Exchange s and Exchange Bank s ability to hire and retain suitable management and employees.

The Exchange Board of Directors also considered a variety of risks and other potentially negative factors in deliberations concerning the merger. In particular, they considered:

the cost associated with the regulatory approval process, cost in connection with calling of the special meeting of shareholders and other merger-related costs;

the risk of a decline in the market price of Rurban shares prior to and after the consummation of the merger;

the fact that Rurban and its wholly-owned subsidiary, State Bank and Trust, have just recently been released from the terms of a written agreement with their regulators;

acceptance of the change by the communities served by Exchange Bank;

the potential loss of Exchange Bank s independence as a separate financial institution; and

the tax effects of the merger on the shareholders of Exchange.

The Exchange Board of Directors did not receive a quantitative analysis of the factors listed above. However, after considering the foregoing, and other relevant factors and risks, the Exchange Board of Directors concluded that the anticipated benefits of the merger outweighed the possible detriments.

The Exchange Board of Directors unanimously recommends that you vote For the proposal to approve and adopt the merger agreement.

Opinion of Exchange s financial advisor

On December 7, 2004, Exchange retained Capital Market Securities to act as its financial advisor in connection with a possible merger and related matters. As part of its engagement, Capital Market Securities

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agreed, if requested by Exchange, to render an opinion with respect to the fairness, from a financial point of view, to the holders of the Exchange common shares, of the merger consideration as set forth in a definitive merger agreement.

Capital Market Securities is a NASD registered broker dealer specializing in the financial service industry. In the ordinary course of its investment banking business, Capital Market Securities is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Capital Market Securities acted as financial advisor to Exchange in connection with the proposed merger and participated in certain aspects of the negotiations leading to the merger agreement. At the April 12, 2005 meeting at which the Exchange Board of Directors considered and approved the merger agreement, Capital Market Securities delivered its oral opinion, subsequently confirmed in writing on April 13, 2005 that, as of such date, the merger consideration was fair to the holders of the Exchange common shares from a financial point of view.

THE FULL TEXT OF CAPITAL MARKET SECURITIES WRITTEN OPINION, DATED AS OF THE DATE OF THIS PROSPECTUS/PROXY STATEMENT, IS INCLUDED AS APPENDIX B TO THIS PROSPECTUS/PROXY STATEMENT. THE WRITTEN OPINION SETS FORTH, AMONG OTHER THINGS, THE ASSUMPTIONS MADE, PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY CAPITAL MARKET SECURITIES IN CONNECTION WITH ITS OPINION. HOLDERS OF EXCHANGE COMMON SHARES ARE URGED TO READ THE OPINION CAREFULLY IN ITS ENTIRETY IN CONNECTION WITH THEIR CONSIDERATION OF THE PROPOSED MERGER.

Capital Market Securities opinion speaks only as of the date of the opinion. Capital Market Securities provided its opinion for the information and assistance of the Exchange Board of Directors in connection with its consideration of the transaction contemplated by the merger agreement and is directed only to the fairness of the merger consideration to the holders of the Exchange common shares from a financial point of view. The opinion does not address the underlying business decision of Exchange to engage in the merger or any other aspect of the merger and is not a recommendation to any Exchange stockholder as to how that shareholder should vote at the special meeting with respect to the merger, the form of consideration such shareholders should elect or any other matter. Capital Market Securities opinions will not reflect any developments that have occurred or may occur after the date of its opinions and prior to the completion of the merger. Capital Market Securities has no obligation to revise, update or reaffirm its opinions, and Exchange does not currently expect that it will request an updated opinion from Capital Market Securities.

In connection with rendering its April 13, 2005 opinion, Capital Market Securities reviewed and considered, among other things:

- the merger agreement;
- certain publicly available financial statements and other historical financial information of Exchange that Capital Market Securities deemed relevant;
- certain publicly available financial statements and other historical financial information of Rurban that Capital Market Securities deemed relevant;
- an internal budget for Exchange for the year ending December 31, 2005 prepared by the management of Exchange;

Internal forecasts for Rurban for the years ending December 31, 2005 through 2009 prepared by the management of Rurban;

the pro forma financial impact of the merger on Rurban based on assumptions relating to transaction expenses and cost savings determined by the managements of Exchange and Rurban;

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the publicly reported historical price and trading activity for Exchange s and Rurban s common shares, including a comparison of certain financial and stock market information for Exchange and Rurban with similar publicly available information for certain other banks which are publicly traded;

the financial terms of certain recent mergers in the banking industry, to the extent publicly available;

the current banking environment and economic conditions generally; and;

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Capital Market Securities considered appropriate for purposes of its analysis.

Capital Market Securities also discussed with certain members of management of Exchange the business, financial condition, results of operations and prospects of Exchange and held similar discussions with certain members of management of Rurban regarding the business, financial condition, results of operations and prospects of Rurban.

In performing its reviews and analyses and in rendering its opinion, Capital Market Securities relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided by Exchange or Rurban or either s respective representatives or that was otherwise reviewed by Capital Market Securities and assumed such accuracy and completeness for purposes of rendering its opinion. Capital Market Securities further relied on the assurances of management of Exchange and Rurban that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Capital Market Securities was not asked to and did not undertake an independent verification of any of such information and Capital Market Securities does not assume any responsibility or liability for its accuracy or completeness. Capital Market Securities did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Exchange or Rurban or any of their subsidiaries, or the collectibility of any such assets, nor has Capital Market Securities been furnished with any such evaluations or appraisals. Capital Market Securities did not make an independent evaluation of the adequacy of the allowance for loan losses of Exchange or Rurban, nor has Capital Market Securities reviewed any individual credit files relating to Exchange or Rurban. Capital Market Securities assumed, with Exchange s consent, that the respective allowances for loan losses for both Exchange and Rurban are adequate to cover such losses.

Capital Market Securities opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, and the information made available to Capital Market Securities as of, the date of its opinion. Capital Market Securities assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent to the merger contained in the merger agreement are not waived. Capital Market Securities also assumed, with Exchange s consent, that there has been no material change in Exchange s and Rurban s assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to Capital Market Securities, that Exchange and Rurban will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Finally, with Exchange s consent, Capital Market Securities relied, to the extent such advice was related to Capital Market Securities, upon the advice Exchange received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger agreement and the other transactions contemplated by the merger agreement.

In rendering its April 13, 2005 opinion, Capital Market Securities performed a variety of financial analyses. The following is a summary of the material analyses performed by Capital Market Securities, but is not a complete description of all the analyses underlying Capital Market Securities opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as

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to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Capital Market Securities believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Capital Market Securities comparative analyses described below is identical to Exchange or Rurban and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Exchange or Rurban and the companies to which they are being compared.

The earnings projections used and relied upon by Capital Market Securities in its analyses for Exchange and Rurban, projections of transaction costs, estimates of purchase accounting adjustments and expected cost savings relating to the merger were provided to Capital Market Securities by and reviewed with the managements of Exchange and Rurban, and Capital Market Securities assumed for purposes of its analyses that they reflected the best currently available estimates and judgments of such managements of the expected future financial performance of Exchange and Rurban, respectively, and that such performances would be achieved. Capital Market Securities expressed no opinion as to such financial projections or the assumptions on which they were based. These projections, as well as the other estimates used by Capital Market Securities in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections. Capital Market Securities also assumed that the merger will qualify as a tax-free reorganization for United States federal income tax purposes and that the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement. Capital Market Securities further assumed that all governmental, regulatory or other consents and approvals necessary for the completion of the merger will be obtained without any adverse effect on Exchange, Rurban or on the contemplated benefits of the merger.

In performing its analyses, Capital Market Securities also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Exchange, Rurban and Capital Market Securities. The analyses performed by Capital Market Securities are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Capital Market Securities prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Exchange Board of Directors at its April 12, 2005 meeting. Estimates of the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Capital Market Securities analyses do not necessarily reflect the value of the Exchange common shares or the Rurban common shares or the prices at which either may be sold at any time.

In accordance with customary investment banking practice, Capital Market Securities employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses that Capital Market Securities used in reaching its opinion. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by Capital Market Securities more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of Capital Market Securities financial analyses, including the methodologies and assumptions underlying those analyses, and if viewed in isolation could present a misleading or incomplete view of the financial analyses performed by Capital Market Securities. The summary data set forth below do not constitute conclusions reached by Capital Market Securities with respect to any of the analyses performed by it in connection with its opinion. In arriving at its opinion, Capital Market Securities considered all of the financial analyses it performed and did not attribute any particular weight to any individual analysis or reach any specific conclusion with respect to any such analysis. Rather, Capital Market Securities made its determination as to the

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fairness to the holders of the Exchange common shares, from a financial point of view, of the merger consideration, on the basis of its experience and professional judgment after considering the results of all of the analyses set forth in the following pages.

Summary of Merger Pricing Terms. Capital Market Securities reviewed the financial terms of the proposed transaction. Assuming the fixed exchange ratio of 1.555 Rurban shares for each Exchange common share or fixed cash consideration of $22.00 per share and that 50% of Exchange s shares are exchanged for Rurban common shares and 50% of the Exchange common shares are exchanged for cash, Capital Market Securities calculated an implied transaction value of $21.89 per Exchange common share. The Rurban common shares had an estimated value of $14.00 per share based upon the reported closing price on April 8, 2005.

Based upon unaudited financial information for Exchange at March 31, 2005, Capital Market Securities calculated the following ratios:

Pricing Ratios

Price/Tangible Book Value	154%
Price/Book Value	153%
Purchase Price Premium above Tangible Book Value/Deposits	5.7%

An analysis of the transaction pricing to historical or projected earnings was deemed to be not meaningful by Capital Market Securities in view of the losses recorded by Exchange and the minimal profitability projected by Exchange s management in 2005 and beyond. Capital Market Securities noted that the implied per share merger price represented a 70.3% premium to the April 8, 2005 closing price of Exchange s common shares of $12.85.

Stock Trading Analysis. Capital Market Securities reviewed the history of the reported trading prices and volume of Exchange s and Rurban s common shares from March 31, 2004 through April 8, 2005. Capital Market Securities compared the relationship between the movements in the prices of Exchange s and Rurban s common shares to movements in the prices of the Nasdaq Bank Index, the Nasdaq Composite Index and the performance of composite peer groups of publicly traded banks selected by Capital Market Securities for Exchange and Rurban, respectively. The composition of the peer groups for Exchange and Rurban, respectively, is discussed under the relevant section under Reference Financial Institution Analysis below.

During the analysis period ended April 8, 2005, Exchange underperformed all of the indices and the peer group to which it was compared. Rurban slightly underperformed the indices and the peer group to which it was compared.

Reference Financial Institution Analysis. Capital Market Securities used publicly available information to compare selected financial and market trading information for each of Exchange and Rurban and two different peer groups of banks selected by Capital Market Securities. No company used in the following analyses is identical to Exchange, Rurban or the combined resulting company, and no other transaction is identical to the merger. Accordingly, such analyses are not purely mathematical; rather, they involve complex considerations and judgments concerning differences in financial, market and operating characteristics of the companies involved.

The comparable peer group for Exchange consisted of the following publicly traded banks located in the Midwest:

Ohio Legacy Corp.

Home Federal Bancorp

Northern States Financial Corporation

Team Financial, Inc.

Tower Financial Corporation

United Bancorp, Inc.

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The analysis compared publicly available financial and market trading information for Exchange and the data for the comparable peer group as of and for the twelve-month period ended December 31, 2004. The table below compares the data for Exchange and the average data for the comparable peer group as of and for the twelve-month period ended December 31, 2004, with pricing data as of April 7, 2005.

Comparable Peer Group Analysis

	Exchange	Peer Group Average
Total Assets *(in millions)*	$ 91.0	$ 559.3
Tangible Equity/Tangible Assets	9.47%	8.11%
LTM Return on Average Assets	NM	0.63%
LTM Return on Average Equity	NM	7.06%
Price/Tangible Book Value	87.20%	156.48%
Price/LTM Earnings per Share	NM	21.67x

The comparable group for Rurban consisted of the following publicly traded banks located in Ohio:

LNB Bancorp, Inc.

Ohio Legacy Corp.

Ohio Valley Banc Corp.

United Bancorp, Inc.

United Bancshares, Inc.

NB&T Financial Group, Inc.

The analysis compared publicly available financial and market trading information for Rurban and the data for the comparable peer group as of and for the twelve-month period ended December 31, 2004. The table below compares the data for Rurban and the average data for the comparable peer group as of and for the twelve-month period ended December 31, 2004, with pricing data as of April 7, 2005.

Comparable Peer Group Analysis

	Rurban	Peer Group Average
Total Assets *(in millions)*	$ 415.3	$ 551.3
Tangible Equity/Tangible Assets	10.55%	7.93%

Loans/Deposits	94.58%	89.11%
Total Borrowings/Total Assets	19.49%	17.26%
NPAs/Assets	3.77%	0.55%
ALLL/Gross Loans	1.85%	1.13%
LTM Return on Average Assets	0.65%	0.84%
LTM Return on Average Equity	5.55%	9.86%
Net Interest Margin	3.19%	3.66%
Non Interest Income/Average Assets	3.94%	0.79%
Non-Interest Expense/Average assets	6.06%	2.98%
Efficiency Ratio	84.53%	70.12%
Price/Book Value	125.00%	156.62%
Price/Tangible Book Value	146.10%	170.40%
Price/LTM EPS	22.90x	16.83x

Analysis of Selected Merger Transactions. Capital Market Securities reviewed 42 merger transactions announced nationwide from March 31, 2003 through April 7, 2005 involving banks as acquired institutions with announced transaction values between $5 million and $20 million where the selling bank had a return on average

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equity lower than 5% based upon 12 month trailing information at the time of the deal announcement. Capital Market Securities also reviewed 42 merger transactions announced from March 31, 2003 through April 7, 2005 involving Midwest banks as acquired institutions where the selling bank had a return on average equity lower than 5% based upon 12 month trailing information at the time of the deal announcement. Capital Market Securities reviewed the multiples of transaction price at announcement to book value per share, transaction price to tangible book value per share and purchase price premium above tangible book value to deposits and computed mean and median multiples and premiums for the transactions. The median multiples from the nationwide group and the median multiples for the Midwest group were applied to Exchange s financial information as of March 31, 2005 (unaudited). As illustrated in the following table, Capital Market Securities derived imputed ranges of values per share of Exchange s common shares of $21.82 to $22.76 based upon the median multiples for the nationwide group and $18.48 to $19.10 based upon the median multiples for the Midwest group.

Comparable Transaction Multiples

	Median Nationwide Multiple	Implied Value	Median Midwest Multiple	Implied Value
Transaction Price/Book Value	152.5%	$ 21.82	133.2%	$ 19.07
Transaction Price/Tangible Book Value	157.9%	$ 22.37	134.7%	$ 19.10
Transaction Value Premium above Tangible Book Value/Deposits	6.4%	$ 22.76	3.21%	$ 18.48

Note: Price to earnings multiples were determined to not to be meaningful by Capital Market Securities due to Exchange s lack of historical profitability and the minimal level of profitability projected for 2005.

Discounted Cash Flow Analysis. Capital Market Securities performed an analysis that estimated the future payments of dividends to Exchange shareholders in addition to the estimated terminal value of Exchange common shares through December 31, 2009 under various circumstances, assuming projections for Exchange which predict a return to profitability over the projection period. The projections were prepared in accordance with Exchange management s earnings projections through 2005. For years after 2005, Capital Market Securities assumed a gradual improvement in earnings with Exchange predicted to record a return on average assets of 0.31% in 2006, 0.47% in 2007, 0.60% in 2008 and 0.66% in 2009. To approximate the terminal value of Exchange s common shares at December 31, 2009, Capital Market Securities applied price/earnings multiples ranging from 20.0x to 25.0x. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Exchange common shares. As illustrated in the following table, this analysis indicated an imputed range of values per Exchange common share of $14.13 to $21.91.

Discount Rate	20.0x	22.5x	25.0x
10.00%	$ 17.62	$ 19.77	$ 21.91
12.50%	$ 15.76	$ 17.68	$ 19.59
15.00%	$ 14.13	$ 15.85	$ 17.57

In connection with its analyses, Capital Market Securities considered and discussed with the Exchange board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. As indicated above, the projections were prepared in accordance with Exchange management s earnings projections through 2005 and are not necessarily indicative of actual values or actual future results and do not purport to reflect the prices at which any securities currently trade or will trade at any time in the future. Capital Market Securities noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Capital Market Securities analyzed certain potential pro forma effects of the merger, assuming the following: (i) the merger closed on January 1, 2005, (ii) 50% of the Exchange shares are

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exchanged for Rurban common shares at an exchange ratio of 1.555x and the other 50% of Exchange s shares are exchanged for $22.00 per share in cash, (iii) projections for Exchange are consistent with estimates for 2005 as provided by Exchange s management, (iv) projections for Rurban are consistent with forecasts provided by Rurban management, and (v) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the management of Rurban. The analyses indicated that for the year ending December 31, 2005, the merger would be accretive to Rurban s projected earnings per share, and the merger would be dilutive to Rurban s tangible book value per share. From the standpoint of an Exchange shareholder electing to receive Rurban common shares, for the year ending December 31, 2005, the merger would be accretive to earnings per share and accretive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

In connection with the delivery of its written opinion dated as of the date of this prospectus/proxy statement, Capital Markets Securities performed procedures to update, as necessary, certain of the analyses described above and reviewed the assumptions on which such analyses above were based and the factors considered in connection therewith. Capital Market Securities did not perform any analyses in addition to those described above in updating the written opinion.

Exchange has agreed to pay Capital Market Securities a transaction fee in connection with the merger of approximately $129,000 (based on the closing price of Rurban common shares on April 12, 2005), which is contingent upon the closing of the merger. The actual transaction fee will be 1.0% of a defined transaction value, to be determined when the closing date of the merger has been established. In addition, Exchange has paid Capital Market Securities a retainer of $25,000 and opinion fees totaling $35,000. Exchange has also agreed to reimburse certain of Capital Market Securities reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Capital Market Securities and its affiliates, their respective partners, directors, officers, agents and employees of Capital Markets Securities and its affiliates, and each other person, if any, controlling Capital Markets Securities or its affiliates against certain expenses and liabilities, including liabilities under securities laws.

Merger consideration

Subject to certain adjustments set forth in the merger agreement and described below, at the effective time of the merger each Exchange share will be converted into the right to receive either $22.00 in cash or 1.555 Rurban shares. Shareholders of Exchange who hold 100 or fewer Exchange shares will receive all cash in exchange for their Exchange shares, while shareholders of Exchange who hold more than 100 Exchange shares, other than shareholders who have properly exercised dissenters rights, will have the option to receive all cash, all Rurban shares, or a combination of cash and Rurban shares.

Under the merger agreement, the aggregate cash consideration that will be paid to holders of Exchange shares, including cash paid to shareholders who properly exercise dissenters rights and cash paid in lieu of the issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). If the aggregate cash payable to holders of Exchange shares who make cash elections, own 100 or fewer Exchange shares, or properly exercise dissenters rights, plus the cash payable in lieu of the issuance of fractional Rurban shares, is not equal to this amount, then the form of payment you receive may be different than what you request.

On September 6, 2005, the last practicable trading date before we printed this prospectus/proxy statement, Rurban shares closed at $ on Nasdaq. Based on that September 6, 2005 market price, 1.555 Rurban shares would be valued at $.

Based on the 586,644 Exchange shares issued and outstanding on September 6, 2005, and assuming no adjustments are made to the exchange ratio, the maximum number of Rurban shares to be issued to Exchange

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shareholders would be approximately 456,116. Based on the Rurban shares issued and outstanding on September 6, 2005, the total number of Rurban shares outstanding after the merger would be , of which approximately % would be held by former Exchange shareholders.

Rurban will not issue fractional shares in the merger. Each Exchange shareholder who otherwise would be entitled to receive a fraction of a Rurban share will receive cash in an amount equal to the fractional Rurban share interest multiplied by $14.15.

The merger agreement provides that the per share merger consideration (*i.e.*, the $22.00 cash amount and/or the exchange ratio of 1.555 Rurban shares for each Exchange share) may be adjusted under the following circumstances:

Reduction in shareholders equity of Exchange. If the shareholders equity of Exchange as of the month-end preceding the closing date of the merger is less than $8,100,000, excluding any changes, adjustments, or charges requested by Rurban, transaction expenses, certain fees paid to Rurban and unrealized gains or losses on Exchange s investment portfolio since January 1, 2005, the per share merger consideration to be paid to Exchange shareholders will be decreased. The per share reduction amount will equal (1) 150% of the amount by which such shareholders equity of Exchange falls below $8,100,000, divided by (2) the number of Exchange shares outstanding immediately prior to the effective time. As a result, each Exchange share that is exchanged for cash will receive an amount equal to $22.00 less the per share reduction amount. Further, each Exchange share that is exchanged for Rurban shares will receive a number of Rurban shares that is equal to: (1) $22.00 less the per share reduction amount, divided by (2) $14.15.

For example, if the shareholders equity of Exchange, as adjusted, as of the month-end preceding the closing date of the merger is $7,500,000, then:

- the per share consideration to be paid to Exchange shareholders would be decreased by $1.53 per share [1.5 x ($8,100,000 - $7,500,000) / 586,644];
- each Exchange share that is exchanged for cash would receive $20.47 [$22.00 $1.53]; and
- each Exchange share exchanged for Rurban shares would receive 1.447 Rurban shares [$20.47 / $14.15].

At December 31, 2004, Exchange s shareholders equity was $8,298,000. At June 30, 2005, Exchange s shareholders equity, as adjusted in accordance with the terms of the merger agreement, was $8,109,000.

Increase in market price of Rurban shares. If the average market price of a Rurban share during the twenty trading days ending on the tenth trading day immediately preceding the closing date is greater than $16.27, then the exchange ratio will be reduced to a ratio equal to: (1) 115% of the per share cash amount, divided by (2) the average market price of a Rurban share during the measuring period.

For example, if the average market price of a Rurban share during the measuring period is $18.00 and the per share cash amount is $22.00, the exchange ratio will be reduced to 1.406 [1.15 x $22.00 / $18.00].

Decrease in market price of Rurban shares. If the average market price of a Rurban share during the twenty trading days ending on the tenth trading day immediately preceding the closing date is less than $12.02 *and* the decline in the market price of a Rurban share during the measuring period is more than 15% greater than the decline, if any, in the SNL Bank Index during the period beginning on April 13, 2005 and ending on the tenth trading day immediately preceding the closing date, then the Board of Directors of Exchange may elect to terminate the merger agreement and abandon the merger. However, if the Board of Directors of Exchange elects to terminate the merger agreement, Rurban will have five days in which to elect to increase the exchange ratio so that the exchange ratio multiplied by the average market price of a Rurban share during the measuring period is

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equal to 85% of the per share cash amount. If Rurban elects to increase the exchange ratio, then the election by the Board of Directors to terminate the merger agreement will be of no further force and effect and the merger agreement will remain in effect.

For example, if the average market price of a Rurban share during the measuring period is $11.00 and the decline in the market price of a Rurban share exceeds the decline in the SNL Bank Index by more than 15%, the Board of Directors of Exchange would be able to elect to terminate the merger agreement and abandon the merger. Assuming the Board of Directors of Exchange so elects, Rurban could elect to increase the exchange ratio to 1.700 (assuming that the per share cash amount is $22.00) [0.85 x $22.00 / $11.00]. If Rurban so elects, then the merger agreement will remain in effect.

Preservation of merger as a tax-free reorganization. In order to preserve the status of the merger as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, the aggregate value of Rurban shares to be issued in connection with the merger, based upon the market price of Rurban shares at the end of trading on the trading day immediately before the effective time of the merger, may not be less than 40% of the total consideration to be paid to Exchange shareholders in the merger. The total consideration to be paid to Exchange shareholders in the merger will equal the sum of the aggregate cash consideration, which is equal to the per share cash amount multiplied by one-half of the outstanding Exchange shares, and the aggregate value of Rurban shares to be received by Exchange shareholders as consideration in the merger. If the aggregate value of Rurban shares to be issued in connection with the merger would be less than 40% of the total consideration to be paid to Exchange shareholders, then Rurban has the option of either: (1) increasing the exchange ratio so that the aggregate value of Rurban shares to be issued in connection with the merger is equal to 40% of the total consideration to be paid to Exchange shareholders, or (2) terminating the merger agreement.

Election procedure and exchange of certificates evidencing Exchange shares

Not later than three business days after the effective time of the merger, the exchange agent will mail an election form to you. If you hold more than 100 Exchange shares, the election form will permit you to elect the type of consideration you would prefer to receive in exchange for each Exchange share that you own. Your options are to:

elect to receive all cash,

elect to receive all Rurban shares,

elect to receive a combination of cash and Rurban shares, or

make no election.

All election forms, along with your Exchange stock certificates, must be properly completed and actually received by the exchange agent by 5:00 p.m., Eastern Time, on the day set forth on the election form, which will be the 30th day following the date the election form was mailed to you.

Until you surrender your certificates, Rurban will not pay you any cash consideration or any dividends or other distributions and your rights as a shareholder of Rurban will be suspended. No interest will be paid or accrued on any cash constituting merger consideration or unpaid dividends and distributions, if any, payable to Exchange shareholders.

If you have lost or misplaced your Exchange stock certificate(s), you should immediately call Marion Layman at (419) 833-3401. Mr. Layman will mail to you instructions for replacing the lost certificate(s).

Allocation of Rurban shares and cash among Exchange shareholders

Under the merger agreement, the total cash consideration that will be paid to holders of Exchange shares, including cash paid to shareholders who have properly exercised dissenters rights and cash paid in lieu of the

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issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). This total cash consideration will be allocated as follows.

If the cash allocable to holders of Exchange shares who elect to receive cash consideration, including all holders of dissenting shares and all shares held by shareholders who hold 100 or fewer Exchange shares, plus the cash payable in lieu of the issuance of fractional Rurban shares, is less than the total cash consideration, then each Exchange shareholder who elects to receive cash consideration will receive cash in exchange for the Exchange shares. The remaining portion of the total cash consideration will be paid first on a pro rata basis in exchange for shares of those Exchange shareholders who do not elect a form of consideration and then, if necessary, on a pro rata basis in exchange for shares of those Exchange shareholders who elect to receive Rurban shares as consideration.

If the cash allocable to holders of Exchange shares who elect to receive cash consideration, including all holders of dissenting shares and all shares held by shareholders who hold 100 or fewer Exchange shares, plus the cash payable in lieu of the issuance of fractional Rurban shares, is greater than the total cash consideration, then each Exchange shareholder who elects to receive the stock consideration or does not elect a form of consideration will receive Rurban shares in exchange for Exchange shares. The exchange agent also will designate, on a pro rata basis, a sufficient number of Exchange shares held by Exchange shareholders who elect to receive cash consideration to be exchanged for Rurban shares in the merger so that the total cash payable in the merger, including cash paid to shareholders who have properly exercised dissenters rights and cash paid in lieu of the issuance of fractional Rurban shares, will be an amount equal to one-half of the total number of Exchange shares outstanding immediately prior to the effective time of the merger multiplied by $22.00 (subject to certain adjustments). The remaining Exchange shares held by Exchange shareholders electing to receive cash consideration will be exchanged for cash.

Regulatory approvals required

Rurban has submitted applications to the Board of Governors of the Federal Reserve System and the Ohio Division of Financial Institutions seeking approval of the merger. We anticipate that these regulatory authorities will approve the merger. However, there can be no assurance that all requisite approvals will be obtained, that the approvals will be received on a timely basis, or that the approvals will not impose conditions or requirements that would so materially reduce the economic or business benefits of the merger that, had such condition or requirement been known, neither Rurban nor Exchange would have entered into the merger agreement.

Employee matters

Each employee of Exchange and Exchange Bank who is retained after the merger will be employed as an at-will employee of Exchange Bank and will continue to participate in Exchange s employee benefit plans unless and until Rurban determines that all or some of such plans should be terminated or merged into certain employee benefit plans of Rurban. If any of the Exchange employee benefit plans is terminated or merged, Rurban will provide employees with benefits to replace those programs that have been terminated or merged that are not less than the benefits provided to similarly situated employees of Rurban and its subsidiaries. Employees will be credited with years of service to Exchange and Exchange Bank for purposes of eligibility and vesting, but not for purposes of benefit accrual, under the Rurban employee benefit plans.

Each employee of Exchange or Exchange Bank who does not have a written employment, severance or change in control agreement, and who Rurban elects not to employ after the merger, will receive a severance payment equal to one week of pay for each year of service, up to a maximum of 13 weeks of pay, subject to any applicable regulatory constraints. Employees of Exchange or Exchange Bank who are not retained following the merger will also receive payment for vacation and sick time that is unused and accrued consistent with the terms of Exchange s

vacation and sick time policies.

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Other agreements between Rurban and Exchange

On April 26, 2005, Rurban, Exchange and Exchange Bank entered into an Administrative Services Agreement, pursuant to which Rurban provides certain administrative and advisory services to Exchange Bank. The services to be provided by Rurban include advice and assistance with respect to Exchange Bank s investment portfolio, lending approval and collection process, mortgage loan origination process, commercial loan approval and workout process, accounting reconciliations and other mutually agreed upon administrative and support services. Rurban receives a fee of $3,500 per week, plus reimbursement of out-of-pocket costs, under the agreement. The agreement will terminate upon the earlier of the consummation of the merger or the termination of the merger agreement, provided, however, that either party is permitted to terminate the agreement at any time upon thirty days prior written notice.

Representations and warranties

Rurban and Exchange have each made representations and warranties in the merger agreement regarding:

- corporate organization,
- authority to enter into the merger agreement,
- conflicts,
- capitalization,
- SEC filings,
- financial statements,
- brokers,
- governmental and third-party proceedings,
- CRA compliance,
- absence of undisclosed liabilities and changes in business operations,
- compliance with laws,

legal proceedings,

regulatory matters,

ownership of the other party s shares, and

regulatory reports and filings.

In addition, Exchange has made representations and warranties regarding:

loans documentation,

allowance for loan losses,

taxes,

property and title,

employment agreements,

employee benefit plans,

insurance,

material contracts,

environmental matters,

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internal controls,

takeover laws,

risk management instruments,

repurchase agreements,

investment securities, and

off balance sheet transactions.

Covenants

Exchange may not, directly or indirectly, solicit, initiate or knowingly encourage any proposals or offers from any person or entity, or discuss or negotiate with any such person or entity, regarding any acquisition or purchase of 20% or more of the voting securities, or 20% or more of the assets or deposits of, Exchange or Exchange Bank, or any merger, tender or exchange offer, consolidation or business combination involving Exchange or Exchange Bank, except as required by the good faith exercise of the fiduciary duties of the Exchange directors. This prohibition does not apply, however, with respect to any acquisition proposal not solicited or initiated by Exchange or Exchange Bank if the Board of Directors of Exchange reasonably determines in good faith and upon written advice of legal counsel that failure to consider such acquisition proposal could constitute a breach of its fiduciary duties to the shareholders of Exchange under Ohio law.

At the request of Rurban, Exchange and Exchange Bank will take the following actions prior to completion of the merger to the extent such actions are permitted by law and are consistent with generally accepted accounting principles:

terminate each employment, change in control, severance or consulting agreement to which Exchange or Exchange Bank is a party, and pay or accrue all severance and change in control payments and benefits required to be paid as a result of such termination;

take certain accounting actions to conform Exchange Bank s loan, accrual and reserve policies to Rurban s policies; and

recognize the expenses of the merger and any restructuring charges related to or to be incurred in connection with the merger.

Conduct of business pending the merger

From April 13, 2005 until the completion of the merger, Exchange has agreed to, and to cause Exchange Bank to, conduct its business only in the ordinary and usual course, unless Rurban agrees otherwise in writing. In addition, Exchange has agreed not to, and to cause Exchange Bank not to, take any of the following actions without the prior written consent of Rurban:

sell, transfer, mortgage, pledge, or subject to any lien or otherwise encumber any material amount of assets, except in the ordinary course of business;

make any capital expenditure that individually exceeds $10,000 or in the aggregate exceeds $50,000;

enter into any contract, commitment or transaction that would have a material adverse effect on Exchange or Exchange Bank;

declare or pay any dividends on Exchange shares;

purchase, redeem, retire or otherwise acquire any Exchange shares;

issue any Exchange shares or grant any option or right to acquire any shares;

amend the governing documents of Exchange or Exchange Bank;

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effect any share split, recapitalization, combination, exchange of shares, readjustment, or other classification;

acquire any real property or any portion of the assets or business of any other entity, with certain exceptions in the ordinary course of business;

adopt or amend any employee or director benefit plan, pension, retirement, stock, profit sharing, or bonus plan or take any action to accelerate the vesting of any benefits, except as required by law;

hire any full-time employees, other than replacement employees for existing positions;

except as otherwise provided in the merger agreement, enter into or amend any employment contract with any of their employees or increase the compensation payable to any employee or director;

borrow or agree to borrow any funds or directly guarantee or agree to guarantee any obligations of others, except for certain short-term borrowings in the ordinary course of business;

enter into, terminate or amend any material contract;

change Exchange s accounting principles, practices or methods, except as required by generally accepted accounting principles;

make or change any tax election or accounting period, file any amended tax return, or settle any tax claim or assessment;

originate or issue a commitment to originate any loan secured by real estate in an amount of $200,000 or more or any unsecured loan or loan secured by other than real estate in an amount of $50,000 or more;

establish any new lending programs or make any policy changes concerning who may approve loans;

enter into any securities transactions or purchase or otherwise acquire any investment security other than U.S. Government and agency obligations;

enter into any interest rate swaps or derivative or hedge contracts;

increase or decrease the rate of interest paid on time deposits or certificates of deposits except in a manner consistent with past practices and prevailing rates in Exchange Bank s market;

foreclose upon or otherwise take title or possession of any real property without first obtaining a Phase I environmental report that indicates that the property is free of pollutants, contaminants or hazardous or toxic materials; provided, however, that Exchange Bank will not be required to obtain such a report with respect to single-family, non-agricultural residential property of one acre or less unless it has reason to believe such property may contain pollutants, contaminants or other waste materials; or

agree to take any of the actions described above.

Conditions

Rurban and Exchange may complete the merger only if:

the merger agreement is adopted by the holders of a majority of the outstanding Exchange shares;

the parties receive regulatory approval from the Board of Governors of the Federal Reserve System and the Ohio Division of Financial Institutions;

no court order or governmental authority prohibits consummation of the merger;

the Rurban shares to be issued in the merger have been registered with the Securities and Exchange Commission;

the Rurban shares to be issued in the merger have been approved for listing on Nasdaq; and

legal counsel has provided an opinion with respect to the federal income tax consequences of the merger.

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In addition, Rurban will not be required to complete the merger unless the following conditions are satisfied:

- all of Exchange s representations and warranties in the merger agreement are true in all material respects as of the effective date of the merger;
- Exchange has satisfied, in all material respects, its obligations in the merger agreement;
- Exchange has obtained all material third-party consents required in connection with the merger; and
- there has not occurred any material adverse change in the financial condition, properties, assets, liabilities, business or results of operations of Exchange and Exchange Bank.

Exchange will not be required to complete the merger unless the following conditions are satisfied:

- all of Rurban s representations and warranties in the merger agreement are true in all material respects as of the effective date of the merger;
- Rurban has satisfied, in all material respects, its obligations in the merger agreement;
- Exchange receives an opinion from its financial advisor reasonably acceptable to Exchange, dated as of the date of this proxy statement/prospectus, that the consideration to be received by Exchange shareholders in the merger is fair from a financial point of view; and
- Rurban has obtained all material third-party consents required in connection with the merger.

Rurban and Exchange may waive any of these conditions unless the waiver is prohibited by law.

Effective time

Following the satisfaction or waiver of all conditions in the merger agreement, we will file a certificate of merger as soon as practicable with the Ohio Secretary of State in order to complete the merger. We expect to complete the merger on October 12, 2005, assuming shareholder approval and that all applicable governmental approvals have been received by that date and all other conditions precedent to the merger have been satisfied or waived.

Termination and amendment

Rurban and Exchange may agree to terminate the merger at any time before it is completed, even if the Exchange shareholders have voted to approve the merger. The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

by the mutual written consent of Rurban and Exchange;

by either Rurban or Exchange if the merger is not completed on or before December 31, 2005;

by either Rurban or Exchange if any event occurs which would prevent the satisfaction of certain conditions set forth in the merger agreement;

by Exchange if any person or entity other than Rurban makes a proposal or offer to acquire 20% or more of the outstanding voting securities, or 20% or more of the assets or deposits, of Exchange or Exchange Bank, or makes a proposal or offer with respect to any merger, tender or exchange offer, consolidation or business combination involving Exchange or Exchange Bank, and the Board of Directors of Exchange determines in good faith, based upon advice from independent legal counsel, that the termination of the merger agreement is required for the Board of Directors to comply with its fiduciary duties to shareholders imposed by law;

by Exchange if the average market price of Rurban shares over the twenty trading days ending on the tenth trading day prior to the established closing date is less than $12.02 *and* the market price of Rurban

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shares underperforms the SNL Bank Index by more than 15%; provided that if Exchange elects to terminate the merger agreement, Rurban will have the option of increasing the exchange ratio, in which case the merger agreement will remain in effect; or

by Rurban if it is required to increase the exchange ratio, and thereby increase the number of shares to be exchanged for Exchange shares, in order to preserve the status of the merger as a tax-free reorganization.

Exchange must pay Rurban a termination fee of $625,000 if (1) the Board of Directors of Exchange terminates the merger agreement to comply with its fiduciary duties to shareholders following the receipt of a proposal for an acquisition transaction from a person or entity other than Rurban, (2) Exchange consummates or enters into an agreement relating to an acquisition transaction with any person or entity other than Rurban within 18 months after the merger agreement is terminated, or (3) the Board of Directors of Exchange withdraws or materially modifies its recommendation of the merger to the shareholders of Exchange after receiving a proposal from a person or entity other than Rurban relating to an acquisition transaction and either the shareholders of Exchange do adopt the merger agreement between Exchange and Rurban or the shareholders fail to meet by October 31, 2005 to vote on the adoption of the merger agreement.

Rurban must pay Exchange a termination fee of $250,000 if Rurban elects to terminate the merger agreement because it is required to increase the exchange ratio in order to preserve the status of the merger as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

If the merger agreement is terminated, the merger agreement will become void and have no effect, except that the provisions of the merger agreement relating to confidentiality of information, payment of expenses and the payment of the termination fee by Exchange or Rurban, as the case may be, will survive the termination, and no party to the merger agreement will be released from any liabilities or damages arising out of its breach of any provision of the merger agreement.

The merger agreement may be amended in writing at any time before or after the Exchange shareholders adopt the merger agreement. If the Exchange shareholders have already adopted the merger agreement, however, we will not amend the merger agreement without their approval if the amendment would materially adversely affect the shareholders. If necessary, Exchange will seek approval of any such amendment at a subsequent meeting of shareholders.

Interests of directors and officers

Directors and officers of Exchange have interests in the merger in addition to their interests solely as Exchange shareholders.

Change in control payments. Thomas E. Funk, Vice President, Treasurer and Chief Financial Officer of Exchange, has a Change in Control Agreement with Exchange and Exchange Bank. The Change in Control Agreement entitles him to a lump sum payment if his employment is terminated in connection with a change in control of Exchange. Mr. Funk resigned from Exchange and Exchange Bank on August 12, 2005.

A. John Moore, Charles M. Bailey and Linda Biniker, employees of Exchange Bank, also have Change in Control Agreements with Exchange Bank. These Change in Control Agreements entitle each of them to a lump sum payment if his or her employment is terminated in connection with a change in control of Exchange. Messrs. Moore and Bailey and Ms. Biniker will be paid approximately $173,855, $155,279, and $138,829, respectively, under these agreements in connection with the merger.

Insurance. Rurban has also agreed to purchase an extended tail to Exchange s existing directors and officers liability insurance policy to provide liability insurance to cover the directors and officers of Exchange for five years following the completion of the merger.

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Board appointment. Rurban has agreed to take all reasonable action necessary to elect Mr. Marion Layman as a director of the Exchange Bank through December 31, 2006.

Resale of Rurban shares

Rurban has registered the Rurban shares to be issued in the merger with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Rurban shares will be freely transferable, except for Rurban shares received by persons who may be deemed to be affiliates of Exchange. The term affiliate is defined in Rule 144 under the Securities Act and generally includes executive officers, directors, and shareholders beneficially owning 10% or more of the outstanding Exchange shares. Exchange affiliates may not sell their Rurban shares, except (a) in compliance with Rule 145 or another applicable exemption from the registration requirements of the Securities Act or (b) pursuant to an effective registration statement under the Securities Act covering their Rurban shares.

Material federal income tax consequences

The opinion of Vorys, Sater, Seymour and Pease LLP, counsel to Rurban, as to the material federal income tax consequences of the merger is set forth as an exhibit to the registration statement of which this prospectus/proxy statement is a part and supports the following discussion of the anticipated federal income tax consequences of the merger to Exchange shareholders.

The opinion is based on current federal law. Future legislative, judicial or administrative interpretations, which may be retroactive, could adversely affect the opinion. The opinion also is based in part upon certain factual assumptions and upon certain representations made by Rurban and Exchange, which representations Vorys, Sater, Seymour and Pease LLP has relied upon and has assumed to be true, correct and complete. If such representations are inaccurate, the opinion could be adversely affected. In addition, the opinion assumes that the amount of cash that will be paid to holders of Exchange shares who perfect dissenters rights will not exceed the per share cash consideration paid to other Exchange shareholders.

Opinions of tax counsel are not binding on the Internal Revenue Service or the courts, either of which could take a contrary position. Rurban and Exchange have not sought, and do not intend to seek, a ruling from the Internal Revenue Service as to the federal income tax consequences of the merger.

This discussion does not address, among other matters:

- state, local, or foreign tax consequences of the merger;
- the tax consequences to Exchange shareholders who hold their shares of Exchange other than as a capital asset, who hold their shares in a hedging transaction or as part of a straddle, constructive sale, conversion transaction, or other integrated investment, or who are subject to special rules under the Internal Revenue Code, such as foreign persons, mutual funds, tax-exempt organizations, insurance companies, financial institutions, trusts, dealers in stocks, securities, or foreign currency, traders in securities who elect to apply a mark-to-market method of accounting, pass-through entities and investors in such entities, and persons who have a functional currency

other than the U.S. dollar;

the tax consequences to Exchange shareholders who received their shares through the exercise of stock options or stock purchase plan rights, through a tax-qualified retirement plan, or otherwise as compensation;

the tax consequences to the holders of options to acquire shares of Exchange; and

the alternative minimum tax consequences of the merger.

Assuming that the merger is consummated in accordance with the merger agreement, the merger will have the following material federal income tax consequences:

The merger will be a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code. Rurban and Exchange each will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

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No gain or loss will be recognized by Rurban or Exchange as a result of the merger.

The tax basis of the assets of Exchange in the hands of Rurban will be the same as the tax basis of such assets in the hands of Exchange immediately prior to the merger.

The holding period of the assets of Exchange to be received by Rurban will include the period during which such assets were held by Exchange.

An Exchange shareholder receiving solely Rurban shares in exchange for such shareholder s Exchange shares (not including any cash received in lieu of fractional Rurban shares) will recognize no gain or loss upon the receipt of such Rurban shares.

An Exchange shareholder receiving solely cash in exchange for such shareholder s Exchange shares (as a result of such shareholder s dissent to the merger, ownership of 100 or less Exchange shares, or election to receive the cash consideration for all of such shareholder s Exchange shares), will recognize gain or loss as if such shareholder had received such cash as a distribution in redemption of such shareholder s Exchange shares, subject to the provisions and limitations of Section 302 of the Internal Revenue Code.

An Exchange shareholder receiving both cash and Rurban shares in exchange for such shareholder s Exchange shares (not including any cash received in lieu of fractional Rurban shares) will recognize gain, but not loss, in an amount not to exceed the amount of cash received (excluding cash received in lieu of fractional Rurban shares). For purposes of determining the character of this gain, such Exchange shareholder will be treated as having received only Rurban shares in exchange for such shareholder s Exchange shares, and as having immediately redeemed a portion of such Rurban shares for the cash received (excluding cash received in lieu of fractional Rurban shares). Unless the redemption is treated as a dividend under the principles of Section 302(d) of the Internal Revenue Code (to the extent of Exchange s current or accumulated earnings and profits), the gain will be capital gain if the Exchange shares are held by such shareholder as a capital asset at the time of the merger.

An Exchange shareholder receiving cash in lieu of fractional Rurban shares will recognize gain or loss as if such fractional Rurban shares were distributed as part of the merger and then redeemed by Rurban, subject to the provisions and limitations of Section 302 of the Internal Revenue Code.

The aggregate tax basis of the Rurban shares received by an Exchange shareholder pursuant to the merger (including fractional Rurban shares, if any, deemed to be issued and redeemed by Rurban) generally will be equal to the aggregate tax basis of the Exchange shares surrendered in the merger, decreased by the amount of cash received by the shareholder in the merger (excluding cash received in lieu of fractional Rurban shares), and increased by the amount of gain recognized by the shareholder in the merger (including any portion of the gain that is treated as a dividend, but excluding any gain or loss resulting from the deemed issuance and redemption of fractional Rurban shares).

The holding period of the Rurban shares received by an Exchange shareholder will include the period during which the Exchange shares surrendered in exchange therefor were held, provided the Exchange shares are a capital asset in the hands of the Exchange shareholder at the time of the merger.

The foregoing discussion is intended only as a summary and is not a complete analysis, discussion or listing of all potential federal income tax consequences of the merger. Exchange shareholders are urged to consult their tax advisors concerning the United States federal, state, local and foreign tax consequences of the merger to them.

Accounting treatment

The merger will be treated as a purchase for accounting purposes. Accordingly, Rurban will record the assets and liabilities of Exchange on its books at estimated fair value. The excess, if any, of the fair value of the liabilities assumed and consideration paid over the fair value of the assets received will be assigned to specific and unidentified intangible assets. The resulting unidentified intangible asset will not be amortized, but will be tested for impairment as prescribed under SFAS No. 142, Goodwill and Intangible Assets.

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Description of Rurban Shares and

Comparison of Rights of Rurban and Exchange Shareholders

The shareholders of Exchange who receive Rurban shares as consideration in the merger will become shareholders of Rurban at the effective time of the merger. Both Rurban and Exchange are Ohio corporations and bank holding companies registered under the Bank Holding Company Act of 1956, as amended. Although the rights of the holders of Rurban common shares and those of holders of Exchange common shares are similar in most material aspects, there are certain differences arising from the distinctions between the Rurban articles of incorporation and code of regulations and the Exchange articles of incorporation and code of regulations.

Set forth below is a description of the Rurban common shares and the Exchange common shares, including a summary of the material differences and similarities between the articles of incorporation and code of regulations of Rurban and the articles of incorporation and code of regulations of Exchange. This description is not intended to be a complete statement of the differences affecting the rights of Exchange shareholders, but rather describes the more significant differences affecting the rights of Exchange shareholders and certain important similarities. This description is qualified in its entirety by reference to the Rurban articles of incorporation and code of regulations, the Exchange articles of incorporation and code of regulations, and the relevant provisions of Ohio law.

Authorized shares

The Rurban articles of incorporation authorize 10,000,000 common shares, without par value. As of September 6, 2005, Rurban shares were issued and outstanding and Rurban shares were held in treasury by Rurban. An additional Rurban shares were reserved for issuance upon the exercise of stock options outstanding as of September 6, 2005.

The Exchange articles of incorporation authorize 750,000 common shares, par value $5.00 per share, and 750 preferred shares, par value $25.00 per share. As of September 9, 2005, 586,644 Exchange common shares were issued and outstanding and no Exchange common shares were held in treasury by Exchange. No preferred shares have been issued or are outstanding.

Voting rights

Each Rurban common share entitles the holder thereof to one vote for the election of directors and for all other matters submitted to the shareholders of Rurban for their consideration. The Rurban articles of incorporation provide that shareholders do not have the right to vote cumulatively in the election of directors.

Each Exchange common share entitles the holder thereof to one vote for all matters submitted to the shareholders of Rurban for their consideration. The Exchange articles of incorporation provide that shareholders do not have the right to vote cumulatively in the election of directors.

Preemptive rights

Neither the shareholders of Rurban nor the shareholders of Exchange have pre-emptive rights.

Liquidation rights

Each Rurban common share entitles the holder thereof to share ratably in Rurban s net assets legally available for distribution to shareholders in the event of Rurban s liquidation, dissolution or winding up, after payment in full of all amounts required to be paid to creditors or provision for such payment.

Each Exchange common share entitles the holder thereof to share ratably in Exchange s net assets legally available for distribution to shareholders in the event of Exchange s liquidation, dissolution or winding up, after payment in full of all amounts required to be paid to creditors or provision for such payment, subject to any prior rights of the holders of any preferred shares then outstanding.

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Subscription, conversion and redemption rights; shares nonassessable

Neither the holders of Rurban common shares nor the holders of Exchange common shares have subscription or conversion rights, and there are no mandatory redemption provisions applicable to the Rurban common shares or the Exchange common shares. The Rurban common shares to be issued in exchange for Exchange common shares in the merger, when issued in accordance with the terms of the merger agreement, will be validly issued, fully paid and non-assessable.

Payment of dividends

Rurban and Exchange can pay dividends on their outstanding common shares in accordance with the terms of the Ohio General Corporation Law. The Ohio General Corporation Law generally provides that the Board of Directors may declare and pay dividends to shareholders, provided that the dividend does not exceed the combination of the surplus of the corporation, which is defined generally as the excess of the corporation s assets plus stated capital over its liabilities, and is not in violation of the rights of the holders of shares of any other class. In addition, no dividend may be paid when a corporation is insolvent or there is reasonable ground to believe that by payment of the dividend the corporation would be rendered insolvent.

Board of Directors

General. The articles of incorporation of Rurban provide for a classified Board of Directors consisting of not less than nine directors, with the directors divided into three classes and elected for three-year terms. The Rurban Board of Directors is currently comprised of eleven directors.

The Exchange articles of incorporation and code of regulations provide for a classified Board of Directors consisting of not less than five nor more than twelve directors, with the directors divided into three classes and elected for three-year terms. The Exchange Board of Directors is currently comprised of eight directors.

Nominations. The Rurban code of regulations provides that shareholder nominations for election to the Rurban Board of Directors at an annual meeting of shareholders must be made in writing and must be delivered or mailed to the Secretary of Rurban on or before the later of the February 1st immediately preceding the annual meeting or the 60th day prior to the first anniversary of the most recent annual meeting of shareholders held for the election of directors. However, if the annual meeting for the election of directors is not held before the thirty-first day following such anniversary, then the written notice must be received by the Secretary within a reasonable time prior to the date of such annual meeting. In the case of the election of directors at a special meeting of shareholders, the Rurban code of regulations provides that the written notice must be received by the Secretary no later than the seventh day following the day on which the notice of the special meeting was mailed to shareholders.

The written notification of a proposed nominee must contain the following information:

- the name, age, business or residence address of the proposed nominee;

the principal occupation or employment of the proposed nominee; and

the total number of Rurban common shares owned beneficially and/or of record by the proposed nominee, and the length of time any such shares have been so owned.

The Exchange code of regulations provides that shareholder nominations for election to the Exchange Board of Directors must be made in writing and must be delivered to the Exchange Board of Directors not less than 60 days prior to the annual or special meeting at which an election of directors is to occur. Any nomination must contain the nominee s name, qualifications and background.

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Removal. The Rurban code of regulations provides that a director or directors may be removed from office only by the vote of the holders of shares entitling them to exercise not less than 80% of the voting power of the corporation. Under the Ohio General Corporation Law, the removal of a director or directors of Rurban may only be effected for cause.

The Exchange articles of incorporation provide that a director or directors of Exchange may be removed by the holders of a majority of the shares entitled to vote at an election of directors only for cause.

Vacancies. Under Ohio law, unless a corporation s articles of incorporation or code of regulations otherwise provide, the remaining directors of a corporation may fill any vacancy on the board by the affirmative vote of a majority of the remaining directors. The Rurban code of regulations provides that vacancies and newly created directorships resulting from an increase in the authorized number of directors may be filled by the affirmative vote of two-thirds of the whole authorized number of directors, by the affirmative vote of the holders of at least four-fifths of the outstanding voting power of Rurban at a meeting of shareholders called for that purpose, or in any other manner provided by law.

The Exchange code of regulations provides that a vacancy in the Board of Directors may be filled by a majority vote of the remaining directors, even if they are less than a quorum, until the shareholders hold an election to fill the vacancy. The shareholders of Exchange are entitled to elect a director to fill a vacancy in the Board of Directors, including a vacancy that was previously filled temporarily by the remaining directors, at any shareholders meeting called for that purpose.

Special meetings

Pursuant to the Rurban code of regulations, special meetings of shareholders may be called only by the following: the chairman of the board, the president or, in case of the president s absence, death, or disability, the vice president authorized to exercise the authority of the president; a majority of the directors acting with or without a meeting; or the holders of at least 25% of all Rurban shares outstanding and entitled to vote.

Pursuant to the Exchange code of regulations, special meetings of shareholders may be called only by the following: the chairman of the board or the president; a majority of the directors acting with or without a meeting; or the holders of at least 25% of all Exchange shares outstanding and entitled to vote.

Supermajority voting requirement

The articles of incorporation of both Rurban and Exchange provide that, notwithstanding any provision of the Ohio General Corporation law requiring for any purpose the vote, consent, waiver or release of holders of shares entitling them to exercise two-thirds or any other proportion of the voting power of the corporation, such action, unless otherwise provided by statute, may be taken by the vote, consent, waiver or release of the holders of shares entitling them to exercise a majority of the voting power of the corporation.

However, Rurban s articles of incorporation provide that, unless two-thirds of the whole authorized number of directors of Rurban recommends the approval of the following matters, such matters require the affirmative vote of the holders of shares entitling them to exercise at least 80% of

Rurban s voting power:

a proposed amendment to the articles;

proposed new regulations, or an alteration, amendment or repeal of the regulations;

an agreement providing for the merger or consolidation of the corporation with or into one or more other corporations;

a proposed combination or majority share acquisition involving the issuance of shares of the corporation and requiring shareholder approval;

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a proposal to sell, lease, or exchange all or substantially all of the property and assets of the corporation;

a proposed dissolution of the corporation; or

a proposal to fix or create the number of directors by action of the shareholders of the corporation.

Similarly, the Exchange s articles of incorporation provide that, unless two-thirds of the Board of Directors of Exchange approves the following matters, such matters require the affirmative vote of the holders of shares entitling them to exercise at least 80% of Exchange s voting power:

to consolidate or merge with or into another corporation;

to cause a combination or majority share acquisition involving the issuance of shares of the corporation and requiring shareholder approval;

to sell, transfer, exchange or otherwise dispose of all, or substantially all, of its assets; or

to dissolve.

Shareholder vote required to approve business combinations with principal shareholders

The articles of incorporation of Rurban require the affirmative vote of the holders of shares entitling them to exercise at least 80% of the voting power of Rurban *and* the affirmative vote of at least two-thirds of the outstanding shares not held by a Controlling Shareholder, to approve certain Business Combinations. A Controlling Shareholder is any shareholder who beneficially owns shares entitling the shareholder to exercise 20% or more of the voting power of Rurban in the election of directors. A Business Combination is defined to include:

any merger or consolidation of Rurban with or into a Controlling Person or an affiliate or associate of a Controlling Person;

any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of the corporation or a subsidiary, including, without limitation, any voting securities of a subsidiary of Rurban, to a Controlling Person or an affiliate or associate of a Controlling Person;

any merger into Rurban or a subsidiary of Rurban of a Controlling Person or an affiliate or associate of a Controlling Person;

any sale, lease, exchange, transfer or other disposition of all or any part of the assets of a Controlling Person or an affiliate or associate of a Controlling Person to Rurban or a subsidiary of Rurban, excluding certain insignificant sales or dispositions;

any reclassification of the common shares of Rurban, or any recapitalization involving the common shares of Rurban consummated within five years after the Controlling Person becomes a Controlling Person; and

any agreement, contract or other arrangement providing for any of the above transactions.

The shareholder vote requirements described above do not apply, however, if the Business Combination will result in an involuntary sale, redemption, cancellation or other termination of ownership of all common shares of Rurban owned by shareholders who do not vote in favor of, or consent in writing to, the Business Combination and the consideration to be received by such shareholders is at least equal to the Minimum Price Per Share, as defined in the Rurban articles of incorporation.

The Exchange articles of incorporation contain a similar provision that requires the affirmative vote of the holders of shares entitling them to exercise at least 80% of the voting power of Exchange *and* the affirmative vote of at least 67% of the outstanding shares not held by a Related Party to approve certain business

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combinations. A Related Party is any shareholder who beneficially owns voting shares entitling the shareholder to exercise 20% or more of the voting power of Exchange. Such voting requirements do not apply, however, if the Continuing Directors of Exchange have expressly approved in advance either (1) the acquisition of Exchange shares that cause the Related Party to become a Related Party or (2) the business combination prior to the Related Party involved in the business combination having become a Related Party. A Continuing Director is any director who was a member of the Exchange Board of Directors immediately prior to the time that the Related Party involved in the business combination became a Related Party. Such voting requirements also do not apply if the consideration to be received per share by the Exchange shareholders in the business combination is not less than the highest per share price paid by the Related Party in acquiring any of its Exchange shares.

Anti-takeover statutes

Certain state laws make a change in control of Rurban and Exchange more difficult, even if desired by the holders of the majority of the Rurban or Exchange shares. Provided below is a summary of the Ohio anti-takeover statutes.

Ohio control share acquisition statute. The Ohio Revised Code provides in Section 1701.831 that specified notice and informational filings and special shareholder meetings and voting procedures must occur before consummation of a proposed control share acquisition. A control share acquisition is defined as any acquisition of an issuer s shares that would entitle the acquirer to exercise or direct the voting power of the issuer in the election of directors within any of the following ranges:

one-fifth or more, but less than one-third, of the voting power;

one-third or more, but less than a majority, of the voting power; or

a majority or more of the voting power.

Assuming compliance with the notice and information filing requirements, the proposed control share acquisition may take place only if, at a duly convened special meeting of shareholders, the acquisition is approved by both a majority of the voting power of the issuer represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the intended acquirer and the directors and officers of the issuer. The control share acquisition statute does not apply to a corporation whose articles of incorporation or regulations so provide. Rurban has not opted out of the application of the control share acquisition statute.

Ohio merger moratorium statute. Chapter 1704 of the Ohio Revised Code prohibits specified business combinations and transactions between an issuing public corporation and an interested shareholder for at least three years after the interested shareholder attains 10% ownership, unless the Board of Directors of the issuing public corporation approves the transaction before the interested shareholder attains 10% ownership. An interested shareholder is a person who owns 10% or more of the shares of the corporation. An issuing public corporation is defined as an Ohio corporation with 50 or more shareholders that has its principal place of business, principal executive offices, or substantial assets within the State of Ohio, and as to which no close corporation agreement exists. Examples of transactions regulated by the merger moratorium provisions include mergers, consolidations, voluntary dissolutions, the disposition of assets and the transfer of shares. After the three-year period, a moratorium transaction may take place provided that certain conditions are satisfied, including that:

the Board of Directors approves the transaction;

the transaction is approved by the holders of shares with at least two-thirds of the voting power of the corporation (or a different proportion set forth in the articles of incorporation), including at least a majority of the outstanding shares after excluding shares controlled by the interested shareholder; or

the business combination results in shareholders, other than the interested shareholder, receiving a fair price plus interest for their shares, as determined in accordance with the statute.

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Although the merger moratorium provisions may apply, a corporation may elect not to be covered by the merger moratorium provisions, or subsequently elect to be covered, with an appropriate amendment to its articles of incorporation. Rurban has not opted out of the Ohio merger moratorium statute.

Legal Matters

Vorys, Sater, Seymour and Pease LLP has rendered an opinion that the Rurban shares to be issued to the Exchange shareholders in connection with the merger have been duly authorized and, if issued pursuant to the merger agreement, will be validly issued, fully paid and non-assessable under the laws of the State of Ohio. Vorys, Sater, Seymour and Pease LLP also has delivered an opinion regarding the material federal income tax consequences of the merger to Rurban, Exchange and the Exchange shareholders.

Experts

The consolidated financial statements of Rurban included in Rurban s Annual Report on Form 10-K for the year ended December 31, 2004, have been audited by BKD, LLP, an independent registered public accounting firm, as set forth in their report thereon included in such Annual Report and incorporated into this document by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Exchange for the fiscal years ended December 31, 2004 and 2003, included in Exchange s Annual Report on Form 10-KSB/A for the year ended December 31, 2004, have been audited by Clifton Gunderson LLP, an independent registered public accounting firm, as set forth in their report included in such Annual Report. The consolidated financial statements of Exchange for the fiscal year ended December 31, 2002, included in Exchange s Annual Report on Form 10-KSB/A for the year ended December 31, 2004, have been audited by Dixon, Davis, Bagent & Company, an independent registered public accounting firm, as set forth in their report included in the Form 10-KSB of Exchange Bancshares, Inc. for the year ended December 31, 2002 (and incorporated by reference in Exchange s Annual Report on Form 10-KSB/A for the year ended December 31, 2004). Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

Exchange 2005 Annual Meeting Shareholder Proposals

The date for the Exchange 2005 annual meeting of shareholders has not yet been set pending the consideration by the Exchange shareholders of the merger at the special meeting. In the event the Exchange 2005 annual meeting of shareholders is held, shareholders of Exchange will be entitled to submit proposals for consideration at the 2005 annual meeting. The proxy materials for the 2004 annual meeting of shareholders stated that a shareholder proposal had to be received by December 10, 2004, for inclusion in Exchange s proxy statement and form of proxy relating to the 2005 annual meeting. However, in accordance with the rules of the Securities and Exchange Commission, if the Exchange 2005 annual meeting of shareholders is held after June 18, 2005, a shareholder proposal must be received within a reasonable time before Exchange begins to print and mail its proxy materials for the 2005 annual meeting of shareholders.

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Where You Can Find More Information

Rurban has filed with the Securities and Exchange Commission a Registration Statement on Form S-4 under the Securities Act for the Rurban shares to be issued to Exchange shareholders in the merger. This prospectus/proxy statement is a part of the Registration Statement on Form S-4. The rules and regulations of the Securities and Exchange Commission permit us to omit from this document information, exhibits and undertakings that are contained in the Registration Statement on Form S-4.

In addition, Rurban files reports, proxy statements and other information with the Securities and Exchange Commission under the Exchange Act. You can read and copy the Registration Statement and its exhibits, as well as the reports, proxy statements and other information filed with the Securities and Exchange Commission by Rurban, at the following location:

Securities and Exchange Commission s Public Reference Room

100 F Street, N.E.

Room 1580

Washington, D.C. 20549

Please call the Securities and Exchange Commission for more information on the operation of the Public Reference Room at 1-800-SEC-0330. **Rurban and Exchange are electronic filers, and the Securities and Exchange Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission at the following Web address: (http://www.sec.gov). Reports of Rurban can also be found on Rurban s website (http://www.rurbanfinancial.net).**

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ANNEX A

The merger agreement has been included as an Annex to the prospectus/proxy statement to provide information regarding its terms. Except for its status as the contractual document between the parties with respect to the proposed merger described therein, it is not intended to provide factual information about the parties. Such information can be found elsewhere in this prospectus/proxy statements and in the public filings made by Rurban and Exchange with the Securities and Exchange Commission. See Incorporation by Reference on page and Where You Can Find More Information on page .

The merger agreement contains representations and warranties that Rurban and Exchange made to each other. Those representations and warranties were made only for purposes of the merger agreement and as of specific dates, were solely for the benefit of the parties to such merger agreement, and were qualified by information in confidential disclosure schedules that Rurban and Exchange exchanged in connection with signing the merger agreement. These confidential disclosure schedules contain information that was previously included in Rurban s and Exchange s public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in Rurban s and Exchange s respective public disclosures. For the foregoing reasons, you should not rely upon the representations and warranties contained in the merger agreement as statements of the actual state of facts.

AGREEMENT AND PLAN OF MERGER

dated as of

April 13, 2005

by and among

RURBAN FINANCIAL CORP.

and

EXCHANGE BANCSHARES, INC.

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GLOSSARY OF DEFINED TERMS

The following terms, when used in this Agreement, have the meanings ascribed to them in the corresponding Sections of this Agreement listed below:

Acquisition Transactions	Section 5.03
Adjusted Exchange Equity	Section 2.01(e)
Aggregate Cash Consideration	Section 2.01(c)
Aggregate Consideration	Section 2.01(f)
Aggregate Stock Consideration	Section 2.02(f)
Agreement	Preamble
BHCA	Section 3.01(a)
Cash Election Shares	Section 2.02(b)
Cash Election Shares	Section 2.02(b)
CERCLA	Section 3.25
Closing	Section 9.01
Closing Date	Section 9.01
Code	Preamble
Compensation and Benefit Plans	Section 3.19(a)
Consideration Adjustment	Section 2.01(e)
Consultants	Section 3.19(a)
Continuing Employees	Section 6.02(a)
Contracts	Section 3.24
Costs	Section 6.05
CRA	Section 3.28
Directors	Section 3.19(a)
DOL	Section 3.19(c)
Effective Time	Section 1.02
Election Deadline	Section 2.02(c)
Election Form	Section 2.02(b)
Employees	Section 3.20(a)
Environmental Law	Section 3.25
ERISA	Section 3.20(a)
ERISA Affiliate	Section 3.20(c)
ERISA Affiliate Plan	Section 3.20(c)
Exchange	Preamble
Exchange Act	Section 3.07
Exchange Agent	Section 2.02(a)
Exchange Balance Sheet Date	Section 3.08
Exchange Bank	Section 3.01(b)
Exchange Bank Real Estate Collateral	Section 3.25
Exchange Certificate	Section 2.02(b)
Exchange Disclosure Schedule	Article Three
Exchange Dissenting Share	Section 2.03
Exchange Filed SEC Documents	Section 3.08
Exchange Financial Statements	Section 3.06
Exchange Fund	Section 2.02(f)
Exchange Meeting	Section 3.04
Exchange Off Balance Sheet Transaction	Section 3.34
Exchange Ratio	Section 2.01(b)
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Exchange Shares	Preamble
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Exchange s Counsel	Section 7.01
Exchange s Financial Advisor	Section 3.18
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Final Determination Letter	Section 7.06(e)
FRB	Section 3.01(b)
GAAP	Section 3.06
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Hazardous Substances	Section 3.25
IRS	Section 3.13
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Loan Assets	Section 3.10
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Mandatory Cash Shares	Section 2.01(a)
material	Section 3.01(c)
material adverse effect	Section 3.01(c)
Merger	Preamble
Nasdaq	Section 2.01(f)
No-Election Shares	Section 2.02(b)
ODFI	Section 3.01(b)
OGCL	Section 1.01
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PCBs	Section 3.25
Pension Plan	Section 3.20(b)
Per Share Cash Consideration	Section 2.01(a)(ii)
Per Share Stock Consideration	Section 2.01(a)(i)
Proxy Statement	Section 7.03(a)
Proxy Statement/Prospectus	Section 7.03(a)
Reallocated Cash Shares	Section 2.02(d)(i)
Reallocated Stock Shares	Section 2.02(d)(ii)
Reference Period	Section 11.01(c)
Registration Statement	Section 7.03(a)
Regulatory Authorities	Section 3.16
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Rurban	Preamble
Rurban Filed SEC Documents	Section 4.11
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Rurban Reference Price	Section 11.01(c)(iv)
Rurban SEC Documents	Section 4.06
Rurban Shares	Preamble
Rurban Stock Option Plans	Section 4.03(a)
Rurban Stock Options	Section 4.03(a)
Rurban s Counsel	Section 7.01
SEC	Section 3.03
Securities Act	Section 3.20(b)
Stock Election Shares	Section 2.02(b)
Subsidiary	Section 3.03
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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the **Agreement**), dated as of April 13, 2005, is made and entered into by and between Rurban Financial Corp., an Ohio corporation (**Rurban**), and Exchange Bancshares, Inc., an Ohio corporation (**Exchange**).

W I T N E S S E T H:

WHEREAS, the Boards of Directors of Rurban and Exchange each have determined that it is in the best interests of their respective corporations and shareholders for Exchange to merge with and into Rurban (the **Merger**), upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Boards of Directors of Rurban and Exchange each have approved this Agreement and the consummation of the transactions contemplated hereby; and

WHEREAS, as a result of the Merger, in accordance with the terms of this Agreement, Exchange will cease to have a separate corporate existence, and shareholders of Exchange will receive from Rurban in exchange for each common share, par value $5.00 per share, of Exchange (**Exchange Shares**), (a) $22.00 in cash, or (b) 1.555 common shares, without par value, of Rurban (**Rurban Shares**), subject, in each case, to any adjustments pursuant to the terms of this Agreement;

WHEREAS, in connection with the Merger, each shareholder of Exchange will be entitled to elect to receive, in exchange for such shareholder s Exchange Shares, either (a) cash, (b) Rurban Shares, or (c) a combination of cash and Rurban Shares, as determined in accordance with the terms of this Agreement; and

WHEREAS, for federal income tax purposes, it is intended that the Merger contemplated by this Agreement qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the **Code**);

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, Rurban and Exchange, intending to be legally bound hereby, agree as follows:

ARTICLE ONE

THE MERGER

1.01. ***The Merger***

Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined in Section 1.02), Exchange shall merge with and into Rurban in accordance with the Ohio General Corporation Law (the **OGCL**). Rurban shall be the continuing and surviving corporation in the Merger, shall continue to exist under the laws of the State of Ohio, and shall be the only one of Rurban and Exchange to continue its separate corporate existence after the Effective Time. As used in this Agreement, the term **Surviving Corporation** refers to Rurban immediately after the Effective Time. As a result of the Merger, the outstanding Exchange Shares and any Exchange Shares held in treasury by Exchange shall be cancelled or converted in the manner provided in Article Two.

1.02. ***Effective Time***

The Merger shall become effective upon the filing of the appropriate certificate of merger with the Ohio Secretary of State, or such time thereafter as is agreed to in writing by Rurban and Exchange and so provided in the certificate of merger filed with the Ohio Secretary of State. The date and time at which the Merger shall become effective is referred to in this Agreement as the **Effective Time**.

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1.03. ***Effects of the Merger***

At the Effective Time:

(a) the articles of Rurban in effect immediately prior to the Effective Time shall be the articles of the Surviving Corporation;

(b) the regulations of Rurban in effect immediately prior to the Effective Time shall be the regulations of the Surviving Corporation;

(c) the directors of Rurban immediately prior to the Effective Time shall be the directors of the Surviving Corporation;

(d) each individual who is an officer of Rurban immediately prior to the Effective Time shall be an officer of the Surviving Corporation holding the same office held with Rurban immediately prior to the Effective Time; and

(e) the Merger shall have the effects prescribed in the OGCL.

ARTICLE TWO

CONVERSION OF SHARES; SURRENDER OF CERTIFICATES

2.01. ***Conversion of Exchange Shares***

At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) *Conversion of Exchange Shares*. Subject to Sections 2.02, 2.03 and 2.04, each Exchange Share issued and outstanding immediately prior to the Effective Time (other than Exchange Shares to be canceled or converted to treasury shares of the Surviving Corporation in accordance with Section 2.01(d) and Exchange Dissenting Shares, as defined in Section 2.03) shall be converted into the right to receive, at the election of the holder thereof:

(i) the number of Rurban Shares that is equal to the Exchange Ratio, as defined in Section 2.01(b) (the **Per Share Stock Consideration**); or

(ii) a cash amount equal to $22.00, subject to adjustment pursuant to Section 2.01(e) (the **Per Share Cash Consideration**);

provided, *however*, that any Exchange Shares with respect to which the holder thereof owns one hundred (100) or fewer Exchange Shares of record as of the Election Deadline, as defined in Section 2.02(c), shall be converted into the right to receive the Per Share Cash Consideration, and no such Exchange Shares shall be converted into the right to receive the Per Share Stock Consideration. Any such Exchange Shares are hereinafter referred to as **Mandatory Cash Shares**.

(b) *Exchange Ratio*. Unless adjusted pursuant to the terms of this Agreement, the Exchange Ratio shall be 1.555. The Exchange Ratio shall be subject to adjustment (i) pursuant to Section 2.01(e) or 2.01(f); (ii) if the Rurban Reference Price, as defined in Section 11.01(c)(iv), is greater than $16.27, the Exchange Ratio shall equal (A) 115% of the Per Share Cash Consideration, divided by (B) the Rurban Reference Price; and (iii) if Rurban shall have delivered a Top-Up Notice pursuant to the provisions of Section 11.01(c)(iv), the Exchange Ratio shall be as set forth in such notice.

(c) *Aggregate Cash Consideration*. The **Aggregate Cash Consideration** for purposes of this Agreement shall be an amount equal to the Per Share Cash Consideration multiplied by 50% of the number of Exchange Shares (excluding any of Exchange s treasury shares or Exchange Shares owned by Rurban) outstanding at the Effective Time.

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(d) *Cancellation of Treasury Shares; Exchange Shares Owned by Rurban.* All Exchange Shares held by Exchange as treasury shares shall be canceled and retired and shall cease to exist, and no Rurban Shares or other consideration shall be delivered in exchange therefor. All Exchange Shares, if any, that are beneficially owned by Rurban, upon conversion into Rurban Shares, shall become treasury shares of the Surviving Corporation.

(e) In the event that, at the last day of the month preceding the Closing Date, the Adjusted Exchange Equity (as defined below) is less than $8,100,000, the Aggregate Consideration (as defined in Section 2.01(f)) payable by Rurban in the Merger shall be reduced by an amount equal to 150% of the difference between (A) the amount of the Adjusted Exchange Equity at the last day of the month preceding the Closing Date and (B) $8,100,000 (such amount hereinafter referred to as the **Consideration Adjustment**), and the Per Share Cash Consideration and the Exchange Ratio shall be reduced accordingly, as follows:

(1) the amount of the Per Share Cash Consideration shall be reduced by the amount of the Consideration Adjustment divided by the number of issued and outstanding Exchange Shares immediately prior to the Effective Time; and

(2) the Exchange Ratio shall be reduced to an amount equal to the Per Share Cash Consideration, as adjusted pursuant to subsection (e)(1) above, divided by $14.15.

As used in this Section 2.01(e), the **Adjusted Exchange Shareholders Equity** means the shareholders equity of Exchange, calculated in accordance with GAAP, except that such calculation shall exclude any changes in shareholders equity arising or resulting from:

(i) any changes or adjustments made, or charges taken, at the request of Rurban pursuant to the provisions of Section 5.10;

(ii) expenses associated with the transactions contemplated by this Agreement (including, without limitation, fees and expenses of the Exchange Agent, legal, accounting and investment bankers fees and expenses and change-in-control and severance payments) up to a maximum of $1,150,000;

(iii) expenses, fees and all other sums paid to Rurban by Exchange pursuant to an Administrative Services Agreement among Rurban, Exchange and Exchange Bank; or

(iv) any unrealized gains or losses in Exchange s investment portfolio during the period from January 1, 2005 through the Effective Time.

(f) Notwithstanding anything in this Agreement to the contrary but subject to the rights described in Section 11.01(d)(iii), to preserve the status of the Merger as a tax-free reorganization within the meaning of Section 368(a)(1)(A) of the Code, if, based upon the closing price of the Rurban Shares as reported on The Nasdaq Stock Market, Inc. (**Nasdaq**) on the trading day immediately preceding the Effective Time, the aggregate value of the Rurban Shares to be issued in connection with the Merger (the **Aggregate Stock Consideration**) would be less than 40% of the Aggregate Consideration (as defined below), then Rurban shall increase the Exchange Ratio so that the Aggregate Stock Consideration, as determined based upon the closing price of the Rurban Shares as reported on Nasdaq on the trading day immediately preceding the Effective

Time, is equal to at least 40% of the Aggregate Consideration. As used in this Agreement, the **Aggregate Consideration** means the sum of (i) the Aggregate Cash Consideration plus (ii) the Aggregate Stock Consideration.

2.02. ***Election and Exchange and Payment Procedures***

(a) *Exchange Agent*. Registrar and Transfer Company will act as agent (the **Exchange Agent**) for purposes of conducting the election procedure and the exchange and payment procedures as described in this Section 2.02.

(b) *Election Procedure*. No later than three (3) business days following the Effective Time, Rurban shall cause the Exchange Agent to mail or make available to each holder of record of a certificate or certificates which

immediately prior to the Effective Time represented issued and outstanding Exchange Shares (**Exchange Certificate**): (i) a notice and letter of transmittal, specifying that delivery shall be effected and risk of loss and title to the Exchange Certificates shall pass only upon proper delivery of such certificates to the Exchange Agent and advising such holder of the effectiveness of the Merger and the procedure for surrendering to the Exchange Agent the Exchange Certificate in exchange for the consideration set forth in Section 2.01, and (ii) an election form in such form as Rurban and Exchange shall mutually agree (**Election Form**). Each Election Form shall permit the holder (or in the case of nominee record holders, the beneficial owner through proper instructions and documentation) (i) to elect to receive Rurban Shares with respect to all of such holder s Exchange Shares, (ii) to elect to receive cash with respect to all of such holder s Exchange Shares, (iii) to elect to receive cash with respect to some of such holder s Exchange Shares and to receive Rurban Shares with respect to such holder s remaining Exchange Shares, or (iv) to indicate that such holder makes no such election with respect to such holder s Exchange Shares (**No-Election Shares**); *provided*, *however*, that each holder of Mandatory Cash Shares shall be permitted to elect only to receive cash with respect to such holder s Mandatory Cash Shares. Any Exchange Shares with respect to which the holder has elected to receive cash (including Mandatory Cash Shares) are hereinafter referred to as **Cash Election Shares**, and any Exchange Shares with respect to which the holder has elected to receive Rurban Shares are hereinafter referred to as **Stock Election Shares**. Any Exchange Shares with respect to which the holder thereof shall not, as of the Election Deadline (as defined in Section 2.02(c) below), have made an election by submission to the Exchange Agent of an effective, properly completed Election Form shall be deemed to be No-Election Shares. Any Exchange Dissenting Shares shall be deemed to be Cash Election Shares for purposes of the allocation provisions of subsection (d) below, but in no event shall such shares be classified as Reallocated Stock Shares (as defined in Section 2.02(d)(ii)(B) below).

(c) *Election Deadline; Revocation or Modification of Election*. For purposes of this Agreement, the term **Election Deadline** shall mean 5:00 p.m., Eastern Time, on the thirtieth (30^{th}) day following, but not including, the date of mailing of the Election Form, or such other date upon which Rurban and Exchange shall mutually agree prior to the Effective Time. Any election to receive cash, Rurban Shares or a combination of cash and Rurban Shares shall have been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by the Election Deadline. Any submitted Election Form may be revoked or changed by written notice to the Exchange Agent only if such notice is actually received by the Exchange Agent prior to the Election Deadline. The Exchange Agent shall be required to make all determinations as to when any election, modification or revocation has been received and whether any such election, modification or revocation has been properly made.

(d) *Reallocation of Rurban Shares and Cash*. The Exchange Agent shall effect the allocation among holders of Exchange Shares of rights to receive cash, Rurban Shares, or a combination of cash and Rurban Shares in accordance with the Election Forms as follows:

(i) If (A) the number of Cash Election Shares multiplied by the Per Share Cash Consideration, plus (B) the cash to be paid in lieu of fractional Rurban Shares pursuant to Section 2.02(j) below, is less than the Aggregate Cash Consideration, then:

(1) each of the Cash Election Shares (other than Exchange Dissenting Shares) shall be converted into the right to receive the Per Share Cash Consideration;

(2) the Exchange Agent will designate first among the No-Election Shares (by the method described in Section 2.02(e)(i) below) and then, if necessary, will designate among the Stock Election Shares (by the method described in Section 2.02(e)(ii) below), a sufficient number of such shares to receive the Per Share Cash Consideration (such redesignated shares hereinafter referred to as **Reallocated Cash Shares**) such that the sum of (a) the product of (1) the sum of the number of Cash Election Shares plus the number of Reallocated Cash Shares, multiplied by (2) the Per Share Cash Consideration, plus (b) the amount of cash to be paid in lieu of fractional Rurban Shares pursuant to Section 2.02(j) below, equals the Aggregate Cash Consideration, and each of the Reallocated Cash Shares shall be converted into the right to receive the Per Share Cash Consideration; and

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(3) each of the No-Election Shares and Stock Election Shares which are not Reallocated Cash Shares shall be converted into the right to receive the Per Share Stock Consideration.

(ii) If (A) the number of Cash Election Shares multiplied by the Per Share Cash Consideration, plus (B) the cash to be paid in lieu of fractional Rurban Shares pursuant to Section 2.02(j) below, is greater than the Aggregate Cash Consideration, then:

(1) each of the Stock Election Shares and No-Election Shares shall be converted into the right to receive the Per Share Stock Consideration;

(2) the Exchange Agent will designate among the Cash Election Shares (other than Exchange Dissenting Shares and Mandatory Cash Shares) (by the method described in Section 2.02(e) below), a sufficient number of such shares to receive the Per Share Stock Consideration (such redesignated shares hereinafter referred to as **Reallocated Stock Shares**) such that the sum of (a) the product of (1) the number of remaining Cash Election Shares (including all of the Exchange Dissenting Shares and Mandatory Cash Shares) multiplied by (2) the Per Share Cash Consideration, plus (b) the amount of cash to be paid in lieu of fractional Rurban Shares pursuant to Section 2.02(j) below, equals the Aggregate Cash Consideration, and each of the Reallocated Stock Shares shall be converted into the right to receive the Per Share Stock Consideration; and

(3) each of the Cash Election Shares (other than Exchange Dissenting Shares) which are not Reallocated Stock Shares shall be converted into the right to receive the Per Share Cash Consideration.

(iii) If (A) the number of Cash Election Shares (including Exchange Dissenting Shares) multiplied by the Per Share Cash Consideration, plus (B) the cash to be paid in lieu of fractional Rurban Shares pursuant to Section 2.02(j) below, is equal to the Aggregate Cash Consideration, then subparagraphs (d)(i) and (ii) above shall not apply, all No-Election Shares and all Stock Election Shares shall be converted into the right to receive the Per Share Stock Consideration and all Cash Election Shares shall be converted into the right to receive the Per Share Cash Consideration.

(e) *Method of Designation*.

(i) If the Exchange Agent is required pursuant to Section 2.02(d)(i) to designate from among all No-Election Shares the Reallocated Cash Shares to receive the Per Share Cash Consideration, each holder of No-Election Shares shall have a pro rata portion (based on such holder s No-Election Shares relative to all No-Election Shares) of such holder s No-Election Shares designated as Reallocated Cash Shares.

(ii) If the Exchange Agent is required pursuant to Section 2.02(d)(i) to designate from among all Stock Election Shares the Reallocated Cash Shares to receive the Per Share Cash Consideration, each holder of Stock Election Shares shall have a pro rata portion (based on such holder s Stock Election Shares relative to all Stock Election Shares) of such holder s Stock Election Shares designated as Reallocated Cash Shares.

(iii) If the Exchange Agent is required pursuant to Section 2.02(d)(ii) to designate from among all Cash Election Shares the Reallocated Stock Shares to receive the Per Share Stock Consideration, each holder of Cash Election Shares shall have a pro rata portion (based on such holder s Cash Election Shares relative to all Cash Election Shares) of such holder s Cash Election Shares designated as Reallocated Stock Shares. For

purposes of this Section 2.02(e)(iii), neither Exchange Dissenting Shares nor Mandatory Cash Shares shall be considered to be Cash Election Shares.

(f) *Deposit with Exchange Agent; Exchange Fund*. Rurban shall provide to the Exchange Agent the aggregate number of Rurban Shares issuable pursuant to Section 2.01, the Aggregate Cash Consideration payable pursuant to Section 2.01, the cash in respect of fractional Rurban Shares payable pursuant to Section 2.02(j), and the amount of all other cash payable in the Merger, if any, on an as needed basis to the Exchange Agent, all of which shall be held by the Exchange Agent in trust for the holders of Exchange Shares (collectively, the **Exchange Fund**). No later than ten (10) days after the Election Deadline, the Exchange Agent shall distribute Rurban Shares and make payment of such cash as provided herein. The Exchange Agent shall not be entitled to

vote or exercise any rights of ownership with respect to the Rurban Shares held by it from time to time hereunder, except that it shall receive and hold in trust for the recipients of the Rurban Shares until distributed thereto pursuant to the provisions of this Agreement all dividends or other distributions paid or distributed with respect to such Rurban Shares for the account of the persons entitled thereto. The Exchange Fund shall not be used for any purpose other than as set forth in this paragraph.

(g) *Surrender of Exchange Certificates*. After the completion of the foregoing allocation, each holder of an Exchange Certificate who surrenders such Exchange Certificate to the Exchange Agent shall, upon acceptance thereof by the Exchange Agent, be entitled to a certificate representing the full number of Rurban Shares and/or the amount of cash into which the aggregate number of Exchange Shares previously represented by such surrendered Exchange Certificate shall have been converted pursuant to this Agreement. The Exchange Agent shall accept such Exchange Certificates upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. Each Exchange Certificate that is not surrendered to the Exchange Agent in accordance with the procedures provided for herein shall, except as otherwise herein provided, until duly surrendered to the Exchange Agent, be deemed to evidence ownership of the number of Rurban Shares or the right to receive the amount of cash into which such Exchange Shares shall have been converted. After the Effective Time, there shall be no further transfer on the records of Exchange of Exchange Certificates and, if such Exchange Certificates are presented to Exchange for transfer, they shall be canceled against delivery of certificates for Rurban Shares and/or cash as provided above.

(h) *Lost Certificates.* If there shall be delivered to the Exchange Agent by any person who is unable to produce any Exchange Certificate for surrender to the Exchange Agent in accordance with this Section 2.02:

(i) evidence to the reasonable satisfaction of the Surviving Corporation that such Exchange Certificate has been lost, wrongfully taken, or destroyed;

(ii) such security or indemnity as reasonably may be requested by the Surviving Corporation to save it harmless (which may include the requirement to obtain a third party bond or surety, as determined by the Surviving Corporation); and

(iii) evidence to the reasonable satisfaction of the Surviving Corporation that such person was the owner of the Exchange Shares represented by each such Exchange Certificate claimed by him or her to be lost, wrongfully taken or destroyed and that he or she is the person who would be entitled to present such Exchange Certificate for exchange pursuant to this Agreement;

then the Exchange Agent, in the absence of actual notice to it that any Exchange Shares represented by any such Exchange Certificate have been acquired by a bona fide purchaser, shall deliver to such person the cash and/or Rurban Shares (and cash in lieu of fractional Rurban Share interests, if any) that such person would have been entitled to receive upon surrender of each such lost, wrongfully taken or destroyed Exchange Certificate.

(i) *No Further Ownership Rights in Exchange Shares*. All cash and Rurban Shares issued upon conversion of Exchange Shares in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such Exchange Shares.

(j) *No Fractional Rurban Shares*.

(i) No certificates or scrip representing fractional Rurban Shares shall be issued upon the surrender for exchange of Exchange Certificates, and such fractional Rurban Share interests will not entitle the owner thereof to vote or to any rights of a shareholder of the Surviving Corporation.

(ii) Each holder of Exchange Shares who would otherwise be entitled to receive a fractional Rurban Share shall receive from the Exchange Agent an amount of cash equal to the product obtained by

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multiplying (a) the fractional Rurban Share interest to which such holder (after taking into account all Exchange Shares held at the Effective Time by such holder) would otherwise be entitled by (b) $14.15.

(k) *Termination of Exchange Fund*. Any portion of the Exchange Fund delivered to the Exchange Agent by Rurban pursuant to Section 2.02(f) that remains undistributed to the shareholders of Exchange for six (6) months after the Effective Time shall be delivered to the Surviving Corporation, upon demand, and any shareholders of Exchange who have not complied with this Article Two by such time shall thereafter look only to the Surviving Corporation for payment of the Per Share Stock Consideration, the Per Share Cash Consideration, any cash in lieu of a fractional Rurban Share interest and any dividends or distributions with respect to Rurban Shares, in each case without interest.

(l) *No Liability*. None of Rurban, Exchange, the Exchange Agent or the Surviving Corporation shall be liable to any former holder of Exchange Shares for any payment of the Per Share Stock Consideration, the Per Share Cash Consideration, any cash in lieu of a fractional Rurban Share interest or any dividends or distributions with respect to Rurban Shares delivered to a public official if required by any applicable abandoned property, escheat or similar law.

(m) *Withholding Rights*. Rurban or the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Exchange Certificates such amounts as Rurban or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any other provision of domestic or foreign tax law (whether national, federal, state, provincial, local or otherwise). To the extent that amounts are so withheld and paid over to the appropriate taxing authority by Rurban or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Exchange Certificates.

(n) *Waiver*. The Surviving Corporation may from time to time, in the case of one or more persons, waive one or more of the rights provided to it in this Article Two to withhold certain payments, deliveries and distributions; and no such waiver shall constitute a waiver of its rights thereafter to withhold any such payment, delivery or distribution in the case of any person.

2.03. ***Dissenting Exchange Shares***

Anything contained in this Agreement or elsewhere to the contrary notwithstanding, if any holder of an outstanding Exchange Share seeks relief as a dissenting shareholder under Section 1701.85 of the OGCL (an **Exchange Dissenting Share**), then such Exchange Dissenting Share shall not be converted into the right to receive the Per Share Stock Consideration or the Per Share Cash Consideration, and instead:

(a) Each such Exchange Dissenting Share shall nevertheless be deemed to be extinguished at the Effective Time as provided elsewhere in this Agreement; and

(b) Each holder perfecting such dissenters rights shall thereafter have only such rights (and shall have such obligations) as are provided in Section 1701.85 of the OGCL, and the Surviving Corporation shall be required to deliver only such cash payments to which the Exchange Dissenting Shares are entitled pursuant to Section 1701.85 of the OGCL; *provided*, *however*, that if any such person shall forfeit such right to payment of the fair value under Section 1701.85 of the OGCL, each such holder s Exchange Dissenting Shares shall thereupon be deemed to have been converted as of the Effective Time into the right to receive the Per Share Stock Consideration or the Per Share Cash Consideration, as shall have been designated by each such holder, subject to Section 2.01.

Any letter of transmittal submitted by a holder of Exchange Dissenting Shares shall be invalid, unless and until the demand for payment of the fair cash value of the Exchange Shares shall have been or is deemed to have been withdrawn or forfeited.

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2.04. ***Anti-Dilution Provisions***

The Exchange Ratio and the Per Share Stock Consideration shall be adjusted fully to reflect any occurrence, subsequent to the date of this Agreement but prior to the Effective Time, pursuant to which the outstanding Rurban Shares shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities through reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other like changes in Rurban s capitalization. Nothing contained herein shall be deemed to permit any action which may be proscribed by this Agreement.

2.05. ***Rurban Shares***

All Rurban Shares, if any, that are owned directly by Exchange immediately prior to the Effective Time shall become treasury shares of the Surviving Corporation. Each other Rurban Share issued and outstanding immediately prior to the Effective Time shall continue to be issued and outstanding and unaffected by the Merger.

2.06. ***Tax Consequences***

For federal income tax purposes, the Merger is intended to constitute a reorganization within the meaning of Section 368(a) of the Code. The parties hereto hereby adopt this Agreement as a plan of reorganization within the meaning of Treasury Department regulation sections 1.368-2(g) and 1.368-3(a).

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES OF EXCHANGE

Exchange has delivered to Rurban, concurrently with the execution of this Agreement, a disclosure schedule prepared by Exchange (the **Exchange Disclosure Schedule**). Exchange represents and warrants to Rurban as follows:

3.01. ***Corporate Status***

(a) Exchange is an Ohio corporation and a bank holding company registered under the Bank Holding Company Act of 1956, as amended (the **BHCA**). Exchange is duly organized, validly existing and in good standing under the laws of the State of Ohio and has the full corporate power and authority to own its property, to carry on its business as presently conducted, and to enter into and, subject to the required adoption of this Agreement by the Exchange shareholders and the obtaining of appropriate approvals of Governmental and Regulatory Authorities (as defined below), perform its obligations under this Agreement and consummate the transactions contemplated by this Agreement. Exchange is not qualified to do business in any other jurisdiction or required to be so qualified to do business in any other jurisdiction except where the failure to be so qualified individually or in the aggregate would not reasonably be expected to have a material adverse effect on Exchange. Exchange has made available to Rurban true and complete copies of the articles of incorporation and regulations of Exchange, in each case as amended to the

date of this Agreement.

(b) The Exchange Bank (**Exchange Bank**) is the only Subsidiary (as that term is defined in Section 3.03 below) of Exchange. Exchange Bank is an Ohio-chartered bank, is a member of the Federal Reserve System and is regulated by the Ohio Division of Financial Institutions (the **ODFI**) and the Board of Governors of the Federal Reserve System (the **FRB**). The savings accounts and deposits of Exchange Bank are insured by the Federal Deposit Insurance Corporation (the **FDIC**). Exchange Bank is duly organized, validly existing and in good standing under the laws of the State of Ohio and has full power and authority, corporate or otherwise, to own its property and to carry on its business as presently conducted. Exchange Bank is not qualified to do business in any other jurisdiction or required to be qualified to do business in any other jurisdiction, except where the failure to be so qualified individually or in the aggregate would not reasonably be expected to have a material

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adverse effect on Exchange Bank. Exchange Bank has made available to Rurban true and complete copies of the articles of incorporation, constitution and other governing instruments of Exchange Bank, in each case as amended to the date of this Agreement.

(c) As used in this Agreement, (i) any reference to any event, change or effect being **material** with respect to any entity means an event, change or effect which is material in relation to the financial condition, properties, assets, liabilities, businesses or results of operations of such entity and its subsidiaries taken as a whole and (ii) the term **material adverse effect** means, with respect to an entity, a material adverse effect on the financial condition, properties, assets, liabilities, businesses or results of operations of such entity and its subsidiaries taken as a whole or on the ability of such entity to perform its obligations under this Agreement or consummate the Merger and the other material transactions contemplated by this Agreement other than, in any case, any state of facts, change, development, event, effect, condition or occurrence (A) resulting from changes in the United States economy or the United States securities markets in general; (B) resulting from changes in the industries in which Exchange or Rurban, as the case may be, operates and not specifically relating to Exchange or Rurban, as the case may be; or (C) resulting from the Merger generally; *provided*, *however*, that in no event shall a decrease in the trading price of Exchange Shares or Rurban Shares be considered a material adverse effect or material adverse change.

3.02. ***Capitalization of Exchange***

(a) As of the date of this Agreement, the authorized capital of Exchange consists only of (i) 750,000 Exchange Shares, of which 586,644 Exchange Shares are issued and outstanding and no Exchange Shares are held in treasury by Exchange, and (ii) 750 preferred shares, par value $25.00 per share, none of which are outstanding. All outstanding Exchange Shares have been duly authorized and are validly issued, fully paid and non-assessable, and were not issued in violation of the preemptive rights of any person. All Exchange Shares issued have been issued in compliance in all material respects with all applicable federal and state securities laws.

(b) As of the date of this Agreement, there are no bonds, debentures, notes or other indebtedness of Exchange, and no securities or other instruments or obligations of Exchange, the value of which is in any way based upon or derived from any capital or voting stock of Exchange, having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Exchange may vote.

(c) As of the date of this Agreement, except for this Agreement, there are no options, warrants, calls, rights, commitments or agreements of any character to which Exchange is a party or by which it is bound, obligating Exchange to issue, deliver or sell, or cause to be issued, delivered or sold, any additional shares of capital stock of, or other equity or voting interests in, or securities convertible into, or exchangeable or exercisable for, shares of capital stock of, or other equity or voting interests in, Exchange or obligating Exchange to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment or agreement. As of the date of this Agreement, there are no outstanding contractual obligations of Exchange to repurchase, redeem or otherwise acquire any Exchange Shares.

(d) Except as disclosed in Section 3.02(c) of the Exchange Disclosure Schedule, since December 31, 2004, Exchange has not (A) issued or permitted to be issued any Exchange Shares, or securities exercisable for or convertible into Exchange Shares; (B) repurchased, redeemed or otherwise acquired, directly or indirectly through any Exchange Subsidiary or otherwise, any Exchange Shares; or (C) declared, set aside, made or paid to the shareholders of Exchange dividends or other distributions on the outstanding Exchange Shares.

3.03. ***Exchange Bank; No Other Subsidiaries***

Exchange Bank is the only Subsidiary of Exchange. Exchange owns beneficially and of record all of the issued and outstanding equity securities of Exchange Bank. There are no options, warrants, calls, rights, commitments or agreements of any character to which Exchange or Exchange Bank is a party or by which either

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of them is bound obligating Exchange or Exchange Bank to issue, deliver or sell, or cause to be issued, delivered or sold, additional equity securities of Exchange Bank (other than to Exchange), or obligating Exchange or Exchange Bank to grant, extend or enter into any such option, warrant, call, right, commitment or agreement. There are no contracts, commitments, understandings or arrangements relating to Exchange s rights to vote or to dispose of the equity securities of Exchange Bank, and all of the equity securities of Exchange Bank held by Exchange are fully paid and non-assessable and are owned by Exchange free and clear of any charge, mortgage, pledge, security interest, hypothecation, restriction, claim, option, lien, encumbrance or interest of any persons whatsoever. Except as disclosed in Section 3.03 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank owns of record or beneficially, directly or indirectly, any equity securities or similar interests of any person, or any interest in a partnership or joint venture of any kind, other than Exchange s ownership of Exchange Bank.

For purposes of this Agreement, **Subsidiary** has the meaning ascribed to such term in Rule 1-02 of Regulation S-X promulgated by the Securities and Exchange Commission (the **SEC**).

3.04. ***Corporate Proceedings***

All corporate proceedings of Exchange necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the Merger and the other transactions contemplated hereby, have been duly and validly taken, except for the adoption of this Agreement by the holders of at least a majority of the outstanding Exchange Shares entitled to vote thereon (which is the only required shareholder vote with respect to the Merger) and subject, in the case of the consummation of the Merger, to the filing and recordation of a certificate of merger with the Secretary of State of Ohio as required by the OGCL. The Board of Directors of Exchange has duly adopted resolutions (a) approving and declaring advisable this Agreement, the Merger and the other transactions contemplated hereby, (b) declaring that it is in the best interests of Exchange s shareholders that Exchange enter into this Agreement and consummate the Merger on the terms and subject to the conditions set forth in this Agreement, (c) declaring that this Agreement is fair to Exchange s shareholders, (d) directing that this Agreement be submitted to a vote at a meeting of Exchange s shareholders to be held as promptly as practicable (the **Exchange Meeting**) and (e) recommending that Exchange s shareholders adopt this Agreement, which resolutions have not been subsequently rescinded, modified or withdrawn in any way except as permitted by Section 5.03.

3.05. ***Authorized and Effective Agreement***

This Agreement has been duly executed and delivered by Exchange and, assuming the due authorization, execution and delivery by Rurban, constitutes a valid and binding obligation of Exchange, enforceable against Exchange in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting the enforcement of creditors rights generally, by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing. Exchange has the right, power, authority and capacity to execute and deliver this Agreement and, subject to the required adoption of this Agreement by the Exchange shareholders, the obtaining of appropriate approvals by Governmental and Regulatory Authorities and the expiration of applicable regulatory waiting periods, to perform its obligations under this Agreement.

3.06. ***Financial Statements of Exchange***

Except as set forth in Section 3.06 of the Exchange Disclosure Schedule, the financial statements of Exchange (including the related notes) included in the Exchange SEC Documents (as defined below) (the **Exchange Financial Statements**), comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in

accordance with United States generally accepted accounting principles (**GAAP**) (except, in the case of

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unaudited financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present, in all material respects, the consolidated financial position of Exchange and its consolidated subsidiaries as of the dates thereof and their respective consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which are not expected to be, individually or in the aggregate, materially adverse to Exchange and the absence of full footnotes).

3.07. ***SEC Filings***

Exchange has filed or furnished all reports and proxy materials required to be filed with, or furnished by it to, the SEC pursuant to the Securities Exchange Act of 1934, as amended (the **Exchange Act**) (together with all information incorporated therein by reference, the **Exchange SEC Documents**), except for any reports or proxy materials the failure to file or furnish would not reasonably be expected to have a material adverse effect upon Exchange. Except as set forth in Section 3.07 of the Exchange Disclosure Schedule, all such filings, at the time of filing, complied in all material respects as to form and included all exhibits required to be filed under the rules of the SEC applicable to such Exchange SEC Documents. None of such documents, as subsequently supplemented or amended, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.08. ***Absence of Undisclosed Liabilities***

Except as set forth in the Exchange SEC Documents filed or furnished since January 1, 2004 and publicly available prior to the date of this Agreement (including the financial statements included therein) (the **Exchange Filed SEC Documents**), or in Section 3.08 of the Exchange Disclosure Schedule, and except as arising hereunder, Exchange and Exchange Bank have no liabilities or obligations (whether accrued, absolute, contingent or otherwise) as of December 31, 2004, other than liabilities and obligations that individually or in the aggregate could not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. Except as set forth in Section 3.08 of the Exchange Disclosure Schedule, all debts, liabilities, guarantees and obligations of Exchange and Exchange Bank incurred since December 31, 2004 (the **Exchange Balance Sheet Date**) have been incurred in the ordinary course of business and are usual and normal in amount both individually and in the aggregate. Except as disclosed in Section 3.08 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank is in default or breach of any material agreement to which Exchange or Exchange Bank is a party other than any such breaches or defaults that individually or in the aggregate would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. To the knowledge of Exchange, no other party to any material agreement to which Exchange or Exchange Bank is a party is in default or breach of such agreement, which breach or default would reasonably be expected to have a material adverse effect on Exchange or Exchange Bank.

3.09. ***Absence of Changes***

Except (a) as set forth in the Exchange Filed SEC Documents or (b) as set forth in Section 3.09 of the Exchange Disclosure Schedule, since the Exchange Balance Sheet Date: (i) there has not been any material adverse change in the business, operations, assets or financial condition of Exchange and Exchange Bank taken as a whole, and, to the knowledge of Exchange, no fact or condition exists which Exchange or Exchange Bank believes will cause such a material adverse change in the future; and (ii) neither Exchange nor Exchange Bank has taken or permitted any of the actions described in Section 5.01(b) of this Agreement.

3.10. ***Loan Documentation***

The documentation (**Loan Documentation**) governing or relating to the loan and credit-related assets (**Loan Assets**) included in the loan portfolio of Exchange Bank is legally sufficient for the purposes intended

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thereby and creates enforceable rights of Exchange Bank in accordance with the terms of such Loan Documentation, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting the enforcement of creditors rights generally, by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing, except for such insufficiencies as would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. Except as set forth in Section 3.10 of the Exchange Disclosure Schedule, no debtor under any of the Loan Documentation has asserted any claim or defense with respect to the subject matter thereof. Except as set forth in Section 3.10 of the Exchange Disclosure Schedule, Exchange Bank is not a party to a loan, including any loan guaranty, with any director, executive officer or holder of 5% or more of the outstanding Exchange Shares, or any person, corporation or enterprise controlling, controlled by or under common control with either Exchange or Exchange Bank. All loans and extensions of credit that have been made by Exchange Bank and which are reflected as assets on the Exchange Financial Statements comply in all material respects with applicable regulatory limitations and procedures.

3.11. ***Allowance for Loan Losses***

Except as set forth or in Section 3.11 of the Exchange Disclosure Schedule, there is no loan which was made by Exchange Bank and which is reflected as an asset of Exchange or Exchange Bank on the Exchange Financial Statements that (a)(i) is ninety (90) days or more delinquent, (ii) has been classified by examiners (regulatory or internal) as Substandard, Doubtful or Loss, or (iii) designated by management of Exchange or Exchange Bank as special mention and (b) the default by the borrower under which would reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. The allowance for loan losses reflected on the Exchange Financial Statements has been determined in accordance with GAAP and in accordance with all rules and regulations applicable to Exchange and Exchange Bank and is adequate as of the date hereof to provide for reasonably anticipated losses or outstanding loans, except for such failures and inadequacies which would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank.

3.12. ***Reports and Records***

Exchange and Exchange Bank have filed all reports and maintained all records required to be filed or maintained by them under the rules and regulations of the FRB, the ODFI and the FDIC, except for such reports and records the failure to file or maintain would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. All such documents and reports complied in all material respects with applicable requirements of law and rules and regulations in effect at the time such documents and reports were filed and contained in all material respects the information required to be stated therein. None of such documents or reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.13. ***Taxes***

Except as set forth in Section 3.13 of the Exchange Disclosure Schedule, Exchange and Exchange Bank have timely filed all returns, statements, reports and forms (including, without limitation, elections, declarations, disclosures, schedules, estimates and information returns) (collectively, the **Tax Returns**) with respect to all federal, state, local and foreign income, gross income, gross receipts, gains, premium, sales, use, ad valorem, transfer, franchise, profits, withholding, payroll, employment, excise, severance, stamp, occupancy, license, lease, environmental, customs, duties, property, windfall profits and all other taxes (including, without limitation, any interest, penalties or additions to tax with respect thereto, individually a **Tax**, and collectively, **Taxes**) required to be filed with the appropriate tax authority. Such Tax Returns are and will be true, correct and complete in all material respects. Exchange and Exchange Bank have paid and discharged all Taxes due (whether reflected on such Tax Returns or otherwise), other than such Taxes that are adequately reserved as shown on the Exchange Financial Statements or have arisen in the ordinary course of business since the Exchange Balance

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Sheet Date. Except as set forth in Section 3.13 of the Exchange Disclosure Schedule, neither the Internal Revenue Service (the **IRS**) nor any other taxing agency or authority, domestic or foreign, has asserted, is now asserting or, to the knowledge of Exchange, is threatening to assert against Exchange or Exchange Bank any deficiency or claim for additional Taxes. No federal, state, local, or foreign Tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to Exchange or Exchange Bank and, to the knowledge of Exchange, no such audit or proceeding is threatened. There are no unexpired waivers by Exchange or Exchange Bank of any statute of limitations with respect to Taxes, and neither Exchange nor Exchange Bank is the beneficiary of any extention of time within which to file any Tax Return. The accruals and reserves for Taxes reflected in the Exchange Financial Statements are adequate in all material respects for the periods covered. Exchange and Exchange Bank have withheld or collected and paid over to the appropriate Governmental Authorities or are properly holding for such payment all Taxes required by law to be withheld or collected. There are no liens for Taxes upon the assets of Exchange or Exchange Bank, other than liens for current Taxes not yet due and payable. Neither Exchange nor Exchange Bank has filed a consent under Section 341(f) of the Code concerning collapsible corporations. Neither Exchange nor Exchange Bank has agreed to make, or is required to make, any adjustment under Section 481(a) of the Code. Except as set forth in Section 3.13 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank is a party to any agreement, contract, arrangement or plan that has resulted, or could result, individually or in the aggregate, in the payment of excess parachute payments within the meaning of Section 280G of the Code. Neither Exchange nor Exchange Bank has ever been a member of an affiliated group of corporations, within the meaning of Section 1504 of the Code, other than an affiliated group of which Exchange is or was the common parent corporation. Neither Exchange nor Exchange Bank has any liability for the Taxes of any other person or entity under Treasury Department Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. No Tax is required to be withheld pursuant to Section 1445 of the Code as a result of the transactions contemplated by this Agreement.

3.14. ***Property and Title***

Section 3.14 of the Exchange Disclosure Schedule lists and describes all real property, and any leasehold interest in real property, owned or held by Exchange or Exchange Bank and used in the business of Exchange or Exchange Bank (collectively, the **Exchange Real Properties**). The Exchange Real Properties constitute all of the real property and interests in real property used in the businesses of Exchange and Exchange Bank. Copies of all leases of Exchange Real Properties to which Exchange or Exchange Bank is a party have been provided to Rurban. Such leasehold interests have not been assigned or subleased. All Exchange Real Properties which are owned by Exchange or Exchange Bank are free and clear of all mortgages, liens, security interests, defects, encumbrances, easements, restrictions, reservations, conditions, covenants, agreements, encroachments, rights of way and zoning laws, except (a) those set forth in Section 3.14 of the Exchange Disclosure Schedule; (b) easements, restrictions, reservations, conditions, covenants, rights of way, zoning laws and other defects and irregularities in title and encumbrances which do not materially impair the use thereof for the purposes for which they are held; and (c) liens for current Taxes not yet due and payable. Exchange and Exchange Bank own, and are in rightful possession of, and have good title to, all of the other assets indicated in the Exchange Financial Statements as being owned by Exchange or Exchange Bank, free and clear of any charge, mortgage, pledge, security interest, hypothecation, restriction, claim, option, lien, encumbrance or interest of any persons whatsoever except (a) those described in Section 3.14 of the Exchange Disclosure Schedule and (ii) those assets disposed of in the ordinary course of business consistent with past practices. The assets of Exchange and Exchange Bank, taken as a whole, are adequate to continue to conduct the businesses of Exchange and Exchange Bank as such businesses are presently being conducted.

3.15. ***Legal Proceedings***

Except as set forth in the Exchange Filed SEC Documents or Section 3.15 of the Exchange Disclosure Schedule, there are no actions, suits, proceedings, claims or investigations pending or, to the knowledge of Exchange, threatened in any court, before any Governmental Authority or instrumentality or in any arbitration proceeding against Exchange or Exchange Bank.

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3.16. ***Regulatory Matters***

Except as set forth in Section 3.16 of the Exchange Disclosure Schedule, neither Exchange, Exchange Bank nor their respective properties is a party to or subject to any order, judgment, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any court or federal or state governmental agency or authority, including any such agency or authority charged with the supervision or regulation of financial institutions (or their holding companies) or issuers of securities or engaged in the insurance of deposits (including, without limitation, the FRB, the ODFI, the FDIC and the SEC) or the supervision or regulation of Exchange or Exchange Bank (collectively, the **Regulatory Authorities**). Except as set forth in Section 3.16 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank has been advised by any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, judgment, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission.

3.17. ***No Conflict***

Subject to the required adoption of this Agreement by the shareholders of Exchange, receipt of the required approvals of Governmental and Regulatory Authorities, expiration of applicable regulatory waiting periods, and required filings under federal and state securities laws, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Exchange and Exchange Bank do not and will not (a) conflict with, or result in a violation of, or result in the breach of or a default (or which with notice or lapse of time would result in a default) under, any provision of: (i) any federal, state or local law, regulation, ordinance, order, rule or administrative ruling of any administrative agency or commission or other federal, state or local governmental authority or instrumentality (each, a **Governmental Authority**) applicable to Exchange or Exchange Bank or any of their respective properties; (ii) the articles or code of regulations of Exchange, or the articles, constitution or other governing instruments of Exchange Bank, (iii) any material agreement, indenture or instrument to which Exchange or Exchange Bank is a party or by which either of their properties or assets may be bound; or (iv) any order, judgment, writ, injunction or decree of any court, arbitration panel or any Governmental Authority applicable to Exchange or Exchange Bank; (b) result in the creation or acceleration of any security interest, mortgage, option, claim, lien, charge or encumbrance upon or interest in any property of Exchange or Exchange Bank; or (c) violate the terms or conditions of, or result in the cancellation, modification, revocation or suspension of, any material license, approval, certificate, permit or authorization held by Exchange or Exchange Bank.

3.18. ***Brokers, Finders and Others***

Except for the fees payable to Capital Market Securities, Inc. (**Exchange s Financial Advisor**), which fees shall be paid in full by Exchange and/or Exchange Bank prior to the Effective Time, there are no fees or commissions of any sort whatsoever claimed by, or payable by Exchange or Exchange Bank to, any broker, finder, intermediary, attorney, accountant or any other similar person in connection with effecting this Agreement or the transactions contemplated hereby, except for ordinary and customary legal and accounting fees.

3.19. ***Employment Agreements***

Except as disclosed in Section 3.19 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank is a party to any employment, change in control, severance or consulting agreement not terminable at will. Neither Exchange nor Exchange Bank is a party to, bound by or negotiating, any collective bargaining agreement, nor are any of their respective employees represented by any labor union or similar organization. Each of Exchange and Exchange Bank is in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours other than with respect to any noncompliance that individually or in the

aggregate would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank.

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3.20. ***Employee Benefit Plans***

(a) Section 3.20(a) of the Exchange Disclosure Schedule contains a complete and accurate list of all bonus, incentive, deferred compensation, pension (including, without limitation, Pension Plans defined below), retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, severance, welfare (including, without limitation, welfare plans within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**)), fringe benefit plans, employment or severance agreements and all similar practices, policies and arrangements maintained or contributed to (currently or within the last six years) by (i) Exchange or Exchange Bank and in which any employee or former employee (the **Employees**), consultant or former consultant (the **Consultants**), officer or former officer (the **Officers**), or director or former director (the **Directors**) of Exchange or Exchange Bank participates or to which any such Employees, Consultants, Officers or Directors are parties or (ii) any ERISA Affiliate (as defined below) (collectively, the **Compensation and Benefit Plans**). Neither Exchange nor Exchange Bank has any commitment to create any additional Compensation and Benefit Plan or to modify or change any existing Compensation and Benefit Plan, nor will Exchange or Exchange Bank make discretionary contributions to a Compensation or Benefit Plan during the 2005 calendar year (prior to the Effective Time) in excess of the amounts contributed for the 2004 calendar year to such plan, except to the extent required by law or as contemplated by this Agreement.

(b) Each Compensation and Benefit Plan has been operated and administered in accordance with its terms and with applicable law, including, but not limited to, ERISA, the Code, the Securities Act of 1933, as amended (the **Securities Act**), the Exchange Act, the Age Discrimination in Employment Act, or any regulations or rules promulgated thereunder, and all filings, disclosures and notices required by ERISA, the Code, the Securities Act, the Exchange Act, the Age Discrimination in Employment Act and any other applicable law have been timely made. Each Compensation and Benefit Plan which is an employee pension benefit plan within the meaning of Section 3(2) of ERISA (a **Pension Plan**) and which is intended to be qualified under Section 401(a) of the Code has been amended, or amended and restated, to meet the qualification requirements set forth in Section 401(a) of the Code and applicable guidance thereunder not later than by the date or dates specified by the Internal Revenue Service. There is no material pending or, to the knowledge of Exchange, threatened, legal action, suit or claim relating to the Compensation and Benefit Plans other than routine claims for benefits thereunder. Neither Exchange nor Exchange Bank has engaged in a transaction, or omitted to take any action, with respect to any Compensation and Benefit Plan that would reasonably be expected to subject Exchange or Exchange Bank to a tax or penalty imposed by either Section 4975 of the Code or Section 502 of ERISA, assuming for purposes of Section 4975 of the Code that the taxable period of any such transaction expired as of the date hereof.

(c) None of Exchange or Exchange Bank, or any entity which is considered one employer with Exchange or Exchange Bank under Section 4001(a)(14) of ERISA or Section 414(b), (c) or (m) of the Code (an **ERISA Affiliate**), has ever sponsored, maintained or been obligated to contribute to any Pension Plan subject to either Title IV of ERISA or the funding requirements of Section 412 of the Code. None of Exchange or Exchange Bank, or any ERISA Affiliate has contributed, or has been obligated to contribute, to either a multiemployer plan under Subtitle E of Title IV of ERISA (as defined in ERISA Sections 3(37)(A) and 4001(a)(3)) at any time since September 26, 1980, or a multiple employer plan (as defined in Section 413 of the Code). There is no pending investigation or enforcement action by the PBGC, the Department of Labor (the **DOL**), the IRS or any other Governmental Authority with respect to any Compensation and Benefit Plan.

(d) All contributions required to be made under the terms of any Compensation and Benefit Plan or ERISA Affiliate Plan or any employee benefit arrangements under any collective bargaining agreement to which Exchange or Exchange Bank is a party have been timely made or have been reflected on the Exchange Financial Statements.

(e) Except as disclosed in Section 3.20(e) of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank has any obligations to provide retiree health and life insurance or other retiree death benefits under any Compensation and Benefit Plan, other than benefits mandated by Section 4980B of the Code.

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(f) Exchange and Exchange Bank do not maintain any foreign Compensation and Benefit Plans.

(g) With respect to each Compensation and Benefit Plan, if applicable, Exchange or Exchange Bank has provided or made available to Rurban, true and complete copies of: (i) Compensation and Benefit Plan documents and all amendments thereto; (ii) trust instruments and insurance contracts; (iii) the most recent annual returns (Forms 5500) and financial statements; (iv) the most recent summary plan descriptions; (v) the most recent determination letter issued by the IRS; and (vi) any Form 5310, Form 5310A, Form 5300 or Form 5330 filed within the past year with the IRS.

(h) Except as disclosed in Section 3.20(h) of the Exchange Disclosure Schedule, the consummation of the transactions contemplated by this Agreement would not, directly or indirectly (including, without limitation, as a result of any termination of employment prior to or following the Effective Time), reasonably be expected to (i) entitle any Employee, Officer, Consultant or Director to any payment (including severance pay or similar compensation) or any increase in compensation, (ii) result in the vesting or acceleration of any benefits under any Compensation and Benefit Plan or (iii) result in any material increase in benefits payable under any Compensation and Benefit Plan.

3.21. ***Compliance with Laws***

Except with respect to Environmental Laws and Taxes, which are the subject of Sections 3.25 and 3.13, respectively, and except as set forth in Section 3.21 of the Exchange Disclosure Schedule, each of Exchange and Exchange Bank:

(a) has been in compliance with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such business, including, without limitation, the Equal Credit Opportunity Act, as amended, the Fair Housing Act, as amended, the Federal Community Reinvestment Act, as amended, the Home Mortgage Disclosure Act, as amended, and all other applicable fair lending laws and other laws relating to discriminatory business practices, except for failures to be in compliance which, individually or in the aggregate, have not had or would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank;

(b) has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental and Regulatory Authorities that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted, except where the failure to obtain any of the foregoing or to make any such filing, application or registration has not had or would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank; and all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and no suspension or cancellation of any of them has been threatened in writing; and

(c) has received no written notification or communication from any Governmental or Regulatory Authority since January 1, 2004, (i) asserting that Exchange or Exchange Bank is not in compliance with any of the statutes, regulations or ordinances which such Governmental or Regulatory Authority enforces, or (ii) threatening to revoke any license, franchise, permit or governmental authorization, which has not been resolved to the satisfaction of the Governmental or Regulatory Authority that sent such notification or communication. There is no event which has occurred that, to the knowledge of Exchange, would reasonably be expected to result in the revocation of any such license, franchise, permit or governmental authorization.

3.22. ***Insurance***

(a) Section 3.22 of the Exchange Disclosure Schedule lists all of the insurance policies, binders or bonds maintained by Exchange or Exchange Bank and a description of all claims filed by Exchange or Exchange Bank against the insurers of Exchange and Exchange Bank since January 1, 2002. All such insurance policies are in full force and effect, neither Exchange nor Exchange Bank is in material default thereunder and all claims thereunder have been filed in due and timely fashion.

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(b) The savings accounts and deposits of Exchange Bank are insured up to applicable limits by the FDIC in accordance with the Federal Deposit Insurance Act, and Exchange Bank has paid all assessments and filed all reports required by the Federal Deposit Insurance Act.

3.23. ***Governmental and Third-Party Proceedings***

No consent, approval, authorization of, or registration, declaration or filing with, any court, Governmental Authority, Regulatory Authority or any other third party is required to be made or obtained by Exchange or Exchange Bank in connection with the execution, delivery or performance by Exchange of this Agreement or the consummation by Exchange of the transactions contemplated hereby, except for (a) filings of applications and notices, as applicable, with and the approval of certain federal and state banking authorities, (b) the filing of the appropriate certificate of merger with the Secretary of State of Ohio pursuant to the OGCL, (c) the adoption of this Agreement by the Exchange shareholders, (d) the filing with the SEC of the Proxy Statement/Prospectus, and such other reports under the Exchange Act as may be required in connection with this Agreement, the Merger and the other transactions contemplated hereby, and (e) such other consents, approvals, order, authorizations, registrations, declarations and filings the failure of which to be obtained or made individually or in the aggregate would not reasonably be expected to have a material adverse affect on Exchange or Exchange Bank.

3.24. ***Contracts***

Except for the contracts, agreements commitments and arrangements, whether written or oral (collectively, **Contracts**), filed as exhibits to the Exchange Filed SEC Documents, there are no Contracts that are required to be filed as an exhibit to any Exchange Filed SEC Document under the Exchange Act and the rules and regulations promulgated thereunder. Except for Contracts filed in unredacted form as exhibits to the Exchange Filed SEC Documents and purchase orders entered into in the ordinary course of business, Section 3.24 of the Exchange Disclosure Schedule sets forth a true and complete list as of the date of this Agreement of all Contracts in existence as of the date of this Agreement (other than those which have been performed completely): (a) which involve the payment by or to Exchange or Exchange Bank of more than $25,000 in connection with the purchase of property or goods or the performance of services or (b) which are not in the ordinary course of their respective businesses. True, complete and correct copies of all such Contracts have been delivered to Rurban. Neither Exchange nor Exchange Bank, nor, to the knowledge of Exchange, any other party thereto, is in default under any such Contract to which it is a party, by which its respective assets, business or operations may be bound or affected in any way, or under which it or its respective assets, business or operations receive benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default.

3.25. ***Environmental Matters***

Except as otherwise disclosed in Section 3.25 of the Exchange Disclosure Schedule: (a) to the knowledge of Exchange, each of Exchange and Exchange Bank is and has been at all times in compliance in all material respects with all applicable Environmental Laws and neither Exchange nor Exchange Bank has engaged in any activity in violation of any applicable Environmental Law; (b)(i) no investigations, inquiries, orders, hearings, actions or other proceedings by or before any court, Governmental or Regulatory Authority are pending or, to the knowledge of Exchange, have been threatened in writing in connection with any activities of Exchange or Exchange Bank or any Exchange Real Properties or improvements thereon, and (ii) to the knowledge of Exchange, no investigations, inquiries, orders, hearings, actions or other proceedings by or before any court or Governmental or Regulatory Authority are pending or threatened in connection with any real properties in respect of which Exchange Bank has foreclosed or holds a mortgage or mortgages (hereinafter referred to as the **Exchange Bank Real Estate Collateral**); (c) to the knowledge of Exchange, no claims are pending or threatened by any third party against Exchange or Exchange Bank, or with respect to the Exchange Real Properties or improvements thereon, or the Exchange Bank Real Estate Collateral or improvements thereon, relating to damage, contribution, cost recovery, compensation, loss, injunctive relief, remediation or injury resulting from any Hazardous Substance which have not been resolved to the satisfaction of the parties involved;

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(d) to the knowledge of Exchange, no Hazardous Substances have been integrated into the Exchange Real Properties or improvements thereon or any component thereof, or the Exchange Bank Real Estate Collateral or improvements thereon or any component thereof in such manner or quantity as may reasonably be expected to or in fact would pose a threat to human health or the value of the real property and improvements; and (e) Exchange does not have knowledge that (i) any of the Exchange Real Properties or improvements thereon or the Exchange Bank Real Estate Collateral or improvements thereon has been used for the treatment, storage or disposal of Hazardous Substances or has been contaminated by Hazardous Substances, (ii) any of the business operations of Exchange or Exchange Bank have contaminated lands, waters or other property of others with Hazardous Substances, except routine, office-generated solid waste, or (iii) any of the Exchange Real Properties or improvements thereon, or the Exchange Bank Real Estate Collateral or improvements thereon have in the past or presently contain underground storage tanks, friable asbestos materials or PCB-containing equipment.

For purposes of this Agreement, (a) **Environmental Law** means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (**CERCLA**); the Resource Conservation and Recovery Act of 1976, as amended; the Hazardous Materials Transportation Act, as amended; the Toxic Substances Control Act, as amended; the Federal Water Pollution Control Act, as amended; the Safe Drinking Water Act, as amended; the Clean Air Act, as amended; the Occupational Safety and Health Act of 1970, as amended; the Hazardous & Solid Waste Amendments Act of 1984, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the regulations promulgated thereunder, and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment, as of the date of this Agreement, and (b) **Hazardous Substances** means, at any time: (i) any hazardous substance as defined in §101(14) of CERCLA or regulations promulgated thereunder; (ii) any solid waste, hazardous waste, or infectious waste, as such terms are defined in any other Environmental Law as of the date of this Agreement; and (iii) friable asbestos, urea-formaldehyde, polychlorinated biphenyls (**PCBs**), nuclear fuel or material, chemical waste, radioactive material, explosives, known carcinogens, petroleum products and by-products, and other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials or substances listed or identified in, or regulated by, any Environmental Law.

3.26. ***Takeover Laws***

The approval of this Agreement and the Merger by the Board of Directors of Exchange constitutes approval of the Merger for purposes of Chapter 1704 of the OGCL and represents all of the action necessary to ensure that the restrictions on a Chapter 1704. transaction as defined in Chapter 1704 of the OGCL do not and will not apply to the execution or delivery of this Agreement (including any amendments to this Agreement) or the consummation of the Merger and the other transactions contemplated hereby.

3.27. ***Exchange Information***

True and complete copies of all documents listed in the Exchange Disclosure Schedule have been made available or provided to Rurban. The books of account, stock record books and other financial and corporate records of Exchange and Exchange Bank, all of which have been made available to Rurban, are complete and correct in all material respects, including the maintenance of a system of internal accounting controls sufficient to provide reasonable assurance that transactions are executed with its management s authorizations and such books and records are accurately reflected in all material respects in the Exchange SEC Documents.

3.28. ***CRA Compliance***

Neither Exchange nor Exchange Bank has received any notice of non-compliance with the applicable provisions of the Community Reinvestment Act, as amended (**CRA**), and the regulations promulgated thereunder, and Exchange Bank has received a CRA rating of

satisfactory or better from the FRB. Exchange does not have knowledge of any fact or circumstance or set of facts or circumstances which would be reasonably likely to cause Exchange or Exchange Bank to receive any notice of non-compliance with such provisions or cause the CRA rating of Exchange or Exchange Bank to fall below satisfactory.

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3.29. ***Ownership of Rurban Shares***

As of the date hereof, except as otherwise disclosed in Section 3.29 of the Exchange Disclosure Schedule, neither Exchange nor Exchange Bank nor, to the knowledge of Exchange, any of their affiliates or associates (as such terms are defined under the Exchange Act), (a) beneficially owns, directly or indirectly, or (b) is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, any Rurban Shares.

3.30. ***Fairness Opinion***

The Board of Directors of Exchange has received the opinion of Exchange s Financial Advisor dated the date of this Agreement to the effect that the consideration to be received by the Exchange shareholders in the Merger is fair, from a financial point of view, to the Exchange shareholders.

3.31. ***Risk Management Instruments***

All material interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar risk management arrangements, whether entered into for the account of Exchange or Exchange Bank, were entered into (i) in accordance in all material respects with prudent business practices and all applicable laws, rules, regulations and regulatory policies and (ii) with counter-parties believed to be financially responsible at the time; and each of them constitutes the valid and legally binding obligation of Exchange or Exchange Bank, as applicable, enforceable in accordance with its terms, and is in full force and effect, except with respect to such risk management agreements the loss of which would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. Neither Exchange nor Exchange Bank, nor to the knowledge of Exchange, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement, which breach would reasonably be expected to have a material adverse effect on Exchange or Exchange Bank.

3.32. ***Repurchase Agreements***

With respect to any agreement pursuant to which Exchange or Exchange Bank has purchased securities subject to an agreement to repurchase, Exchange or Exchange Bank, as the case may be, has a valid, perfected first lien or security interest in or evidence of ownership in book entry form of the government securities or other collateral securing the repurchase agreement, and the value of such collateral equals or exceeds the amount of the debt secured thereby, except for such agreements with respect to which the failure to maintain such liens or maintain such collateral would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank.

3.33. ***Investment Securities***

Each of Exchange and Exchange Bank has good and marketable title to all securities held by it (except securities sold under repurchase agreement or held in any fiduciary or agency capacity), free and clear of any charge, mortgage, pledge, security interest, hypothecation, restriction, claim, option, lien, encumbrance or interest of any person or persons whatsoever, except to the extent such securities are pledged in

the ordinary course of business consistent with prudent banking practice to secure obligations of Exchange or Exchange Bank, and except for charges, mortgages, pledges, security interests, hypothecations, restrictions, claims, options, liens, encumbrances or interests that individually or in the aggregate would not reasonably be expected to have a material adverse effect on Exchange or Exchange Bank. Such securities are valued on the books of Exchange in accordance with GAAP in all material respects.

3.34. Off Balance Sheet Transactions

Section 3.34 of the Exchange Disclosure Schedule sets forth a true and complete list of all special purpose entities, limited purpose entities and qualified special purpose entities, in which Exchange or Exchange Bank has

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an economic or management interest. Section 3.34 of the Exchange Disclosure Schedule also sets forth a true and complete list of all transactions, arrangements and other relationships between or among any such Exchange affiliated entity, on the one hand, and Exchange, Exchange Bank, and any officer or director of Exchange or Exchange Bank, on the other hand, that are not reflected in the Exchange Financial Statements (each, an **Exchange Off Balance Sheet Transaction**).

ARTICLE FOUR

REPRESENTATIONS AND WARRANTIES OF RURBAN

Rurban hereby represents and warrants to Exchange that:

4.01. ***Corporate Status***

Rurban is an Ohio corporation and a bank holding company registered under the BHCA. Rurban is duly organized, validly existing and in good standing under the laws of the State of Ohio and has the full corporate power and authority to own its property, to carry on its business as presently conducted and to enter into and, subject to the required obtaining of appropriate approvals of Governmental and Regulatory Authorities, perform its obligations under this Agreement and consummate the transactions contemplated by this Agreement, and is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, other than where the failure to be so organized, existing, qualified or licensed or in good standing individually or in the aggregate would not reasonably be expected to have a material adverse effect on Rurban. Rurban has made available to Exchange true and complete copies of its articles of incorporation and code of regulations as amended to the date of this Agreement.

4.02. ***Corporate Proceedings***

All corporate proceedings of Rurban necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly taken, subject, in the case of the consummation of the Merger, to the filing and recordation of a certificate of merger with the Secretary of State of Ohio as required by the OGCL. This Agreement has been duly executed and delivered by Rurban. No vote of Rurban s stockholders is required to be obtained in connection with the consummation of the transactions contemplated hereby.

4.03. ***Capitalization of Rurban***

(a) As of the date of this Agreement, the authorized capital stock of Rurban consists only of 10,000,000 Rurban Shares, of which 4,575,702 Rurban Shares are issued and outstanding and 7,214 Rurban Shares are held in treasury by Rurban. All outstanding Rurban Shares have been duly authorized and are validly issued, fully paid and non-assessable, and were not issued in violation of the preemptive rights of any person.

(b) As of the date of this Agreement, 441,000 Rurban Shares were reserved for issuance upon the exercise of outstanding stock options (the **Rurban Stock Options**) granted under Rurban s stock option plans (the **Rurban Stock Option Plans**), and 35,123 Rurban Shares were available for future grants of stock options under the Rurban Stock Option Plans.

(c) As of the date of this Agreement, there are no bonds, debentures, notes or other indebtedness of Rurban, and no securities or other instruments or obligations of Rurban, the value of which is in any way based upon or derived from any capital or voting stock of Rurban, having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Rurban may vote.

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(d) As of the date of this Agreement, except for the Rurban Stock Options and this Agreement, there are no options, warrants, calls, rights, commitments or agreements of any character to which Rurban is a party or by which it is bound, obligating Rurban to issue, deliver or sell, or cause to be issued, delivered or sold, any additional shares of capital stock of, or other equity or voting interests in, or securities convertible into, or exchangeable or exercisable for, shares of capital stock of, or other equity or voting interests in, Rurban or obligating Rurban to issue, grant, extend or enter into any such security, option warrant, call, right, commitment or agreement. As of the date of this Agreement, there are no outstanding contractual obligations of Rurban to repurchase, redeem or otherwise acquire any Rurban Shares.

(e) The Rurban Shares to be issued in exchange for Exchange Shares in the Merger, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable, will not be subject to any preemptive or other statutory right of shareholders and will be issued in compliance with applicable federal and state securities laws.

4.04. ***Authorized and Effective Agreement***

This Agreement has been duly executed and delivered by Rurban and, assuming the due authorization, execution and delivery by each of Exchange, constitutes the legal, valid and binding obligation of Rurban, enforceable against Rurban in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting the enforcement of creditors rights generally, by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing. Rurban has the right, power, authority and capacity to execute and deliver this Agreement and, subject to the obtaining of appropriate approvals by Governmental and Regulatory Authorities and the expiration of applicable regulatory waiting periods, and required filings under federal and state securities laws, to perform its obligations under this Agreement.

4.05. ***No Conflict***

Subject to the receipt of the required approvals of Governmental and Regulatory Authorities, expiration of applicable regulatory waiting periods and required filings under federal and state securities laws, the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, by Rurban do not and will not (a) conflict with, or result in a violation of, or result in the breach of or a default (or which with notice or lapse of time would result in a default) under, any provision of: (i) any federal, state or local law, regulation, ordinance, order, rule or administrative ruling of any Governmental Authority applicable to Rurban or any of its properties; (ii) the articles or code of regulations of Rurban; (iii) any material agreement, indenture or instrument to which Rurban is a party or by which it or its properties or assets may be bound; or (iv) any order, judgment, writ, injunction or decree of any court, arbitration panel or any Governmental Authority applicable to Rurban; (b) result in the creation or acceleration of any security interest, mortgage, option, claim, lien, charge or encumbrance upon or interest in any property of Rurban, other than such security interests, mortgage, options, claims, liens, charges or encumbrances that individually or in the aggregate would not reasonably be expected to have a material adverse effect on Rurban; or (c) violate the terms or conditions of, or result in the cancellation, modification, revocation or suspension of, any material license, approval, certificate, permit or authorization held by Rurban.

4.06. ***SEC Filings***

Rurban has filed all reports and proxy materials required to be filed by it with, or furnished by it to, the SEC pursuant to the Exchange Act (together with all information incorporated therein by reference, the **Rurban SEC Documents**), except for any reports or proxy materials the failure to file or furnish would not reasonably be expected to have a material adverse effect upon Rurban. All such filings, at the time of filing,

complied in all material respects as to form and included all exhibits required to be filed under the rules of the SEC applicable to

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such Rurban SEC Documents. None of such documents, as subsequently supplemented or amended, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.07. ***Financial Statements of Rurban***

The financial statements of Rurban (including the related notes) included in the Rurban SEC Documents (the **Rurban Financial Statements**), comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present, in all material respects, the consolidated financial position of Rurban and its consolidated subsidiaries as of the dates thereof and their respective consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which are not expected to be, individually or in the aggregate, materially adverse to Rurban and the absence of full footnotes).

4.08. ***Brokers, Finders and Others***

Except for fees paid or payable to Friedman Billings Ramsey, there are no fees or commissions of any sort whatsoever claimed by, or payable by Rurban to, any broker, finder, intermediary attorney, accountant or any other similar person in connection with effecting this Agreement or the transactions contemplated hereby, except for ordinary and customary legal and accounting fees.

4.09. ***Governmental and Third-Party Proceedings***

No consent, approval, authorization of, or registration, declaration or filing with, any court, Governmental or Regulatory Authority or any other third party is required to be made or obtained by Rurban in connection with the execution, delivery or performance by Rurban of this Agreement or the consummation by Rurban of the transactions contemplated hereby, except for (a) filings of applications or notices, as applicable, with and the approval of certain federal and state banking authorities, (b) the filing of the appropriate certificate of merger with the Secretary of State of Ohio pursuant to the OGCL, (c) the filing with the SEC of the Registration Statement (as defined in Section 7.03 below) and such reports under the Exchange Act as may be required in connection with this Agreement, the Merger and the other transactions contemplated hereby, (d) any filings required under the rules and regulations of Nasdaq, and (e) such other consents, approvals, orders, authorizations, registrations, declarations and filings, except for such consents, approvals orders, authorizations, registrations, declarations and filings, the failure of which to be obtained or made individually or in the aggregate would not reasonably be expected to have a material effect on Rurban.

4.10. ***CRA Compliance***

Neither Rurban nor any Rurban Subsidiary has received any notice of non-compliance with the applicable provisions of the CRA and the regulations promulgated thereunder, and neither Rurban nor any Rurban Subsidiary has received a CRA rating of less than satisfactory on its most recent examination. Rurban knows of no fact or circumstance or set of facts or circumstances which would be reasonably likely to cause Rurban or any Rurban Subsidiary to receive any notice of non-compliance with such provisions or cause the CRA rating of Rurban or any Rurban Subsidiary to fall below satisfactory.

4.11. ***Legal Proceedings***

Except as set forth in the Rurban Filed SEC Documents, there are no actions, suits, proceedings, claims or investigations pending or, to the knowledge of Rurban, threatened in any court, before any Governmental

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Authority or instrumentality or in any arbitration proceeding (a) against Rurban which, if adversely determined against Rurban, would have a material adverse effect on Rurban; or (b) against or by Rurban which, if adversely determined against Rurban, would prevent the consummation of this Agreement or any of the transactions contemplated hereby or declare the same to be unlawful or cause the rescission thereof.

4.12. ***Ownership of Exchange Shares***

Neither Rurban nor, to the knowledge of Rurban, any of its Subsidiaries (as such terms are defined under the Exchange Act), (a) beneficially owns, directly or indirectly, or (b) is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, any Exchange Shares.

4.13. ***Compliance with Laws***

Each of Rurban and its Subsidiaries:

(a) has been in compliance with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such business, including, without limitation, the Equal Credit Opportunity Act, as amended, the Fair Housing Act, as amended, the Federal Community Reinvestment Act, as amended, the Home Mortgage Disclosure Act, as amended, and all other applicable fair lending laws and other laws relating to discriminatory business practices, except for failures to be in compliance which, individually or in the aggregate, have not had or would not reasonably be expected to have a material adverse effect on Rurban or any of its Subsidiaries;

(b) has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental and Regulatory Authorities that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted, except where the failure to obtain any of the foregoing or to make any such filing, application or registration has not had or would not reasonably be expected to have a material adverse effect on Rurban or any of its Subsidiaries; and all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and no suspension or cancellation of any of them has been threatened in writing; and

(c) has received no written notification or communication from any Governmental or Regulatory Authority since January 1, 2004, (i) asserting that Rurban or any of its Subsidiaries is not in compliance with any of the statutes, regulations or ordinances which such Governmental or Regulatory Authority enforces, or (ii) threatening to revoke any license, franchise, permit or governmental authorization, which has not been resolved to the satisfaction of the Governmental or Regulatory Authority that sent such notification or communication. There is no event which has occurred that, to the knowledge of Rurban, would reasonably be expected to result in the revocation of any such license, franchise, permit or governmental authorization.

4.14. ***Regulatory Matters***

Neither Rurban, any of its Subsidiaries nor their respective properties is a party to or subject to any order, judgment, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Regulatory Authority, and neither Rurban nor any of its Subsidiaries has been advised by any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, judgment, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission, except, in each case, for any such order, judgment, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission that would not be required to be publicly disclosed by Rurban pursuant to the Exchange Act and the rules and regulations promulgated thereunder.

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4.15. ***Reports and Records***

Rurban and each of its Subsidiaries have filed all reports and maintained all records required to be filed or maintained by them under the rules and regulations of the FRB, the ODFI and the FDIC, except for such reports and records the failure to file or maintain would not reasonably be expected to have a material adverse effect on Rurban or any of its Subsidiaries. All such documents and reports complied in all material respects with applicable requirements of law and rules and regulations in effect at the time such documents and reports were filed and contained in all material respects the information required to be stated therein. None of such documents or reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.16. ***Absence of Undisclosed Liabilities***

Except as set forth in the Rurban SEC Documents filed or furnished since January 1, 2004 and publicly available prior to the date of this Agreement (including the financial statements included therein) (the **Rurban Filed SEC Documents**), and except as arising hereunder, Rurban and each of its Subsidiaries have no liabilities or obligations (whether accrued, absolute, contingent or otherwise) as of December 31, 2004, other than liabilities and obligations that individually or in the aggregate (a) would not reasonably be expected to have a material adverse effect on Rurban or any of its Subsidiaries or (b) would not be required to be publicly disclosed by Rurban pursuant to the Exchange Act and the rules and regulations promulgated thereunder. All debts, liabilities, guarantees and obligations of Rurban and each of its Subsidiaries incurred since December 31, 2004 have been incurred in the ordinary course of business and are usual and normal in amount both individually and in the aggregate. Neither Rurban nor any of its Subsidiaries is in default or breach of any material agreement to which Rurban or any of its Subsidiaries is a party other than any such breaches or defaults that individually or in the aggregate (a) would not reasonably be expected to have a material adverse effect on Rurban or any of its Subsidiaries or (b) would not be required to be publicly disclosed by Rurban pursuant to the Exchange Act and the rules and regulations promulgated thereunder.

4.17. ***Absence of Changes***

Except as set forth in the Rurban Filed SEC Documents, since the Rurban Balance Sheet Date, there has not been any material adverse change in the business, operations, assets or financial condition of Rurban and its Subsidiaries taken as a whole and, to the knowledge of Rurban, no fact or condition exists which Rurban believes will cause such a material adverse change in the future, except, in each case, for any change that would not be required to be publicly disclosed by Rurban pursuant to the Exchange Act and the rules and regulations promulgated thereunder.

ARTICLE FIVE

FURTHER COVENANTS OF EXCHANGE

5.01. ***Operation of Business***

Exchange covenants to Rurban that, throughout the period from the date of this Agreement to and including the Closing (as defined in Section 9.01 below), except as expressly contemplated or permitted by this Agreement or to the extent that Rurban shall otherwise consent in writing:

(a) *Conduct of Business*. The business of Exchange and Exchange Bank will be conducted only in the ordinary and usual course consistent with past practice. Exchange will not, and will cause Exchange Bank not to, take any action that would be inconsistent with any representation or warranty of Exchange set forth in this Agreement or which would cause a breach of any such representation or warranty if made at or immediately following such action, except as may be required by applicable law or regulation.

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(b) *Changes in Business and Capital Structure*. Except as provided for by this Agreement, as set forth in Section 5.01(b) of the Exchange Disclosure Schedule or as otherwise approved expressly in writing by Rurban, Exchange will not, and will cause Exchange Bank not to:

(i) sell, transfer, mortgage, pledge or subject to any lien or otherwise encumber any of the assets of Exchange or Exchange Bank, tangible or intangible, which are material, individually or in the aggregate, to Exchange or Exchange Bank except for securitization activities in the ordinary course of business;

(ii) make any capital expenditure or capital additions or improvements which individually exceed $10,000 or exceed $50,000;

(iii) become bound by, enter into, or perform any material contract, commitment or transaction that would be reasonably likely to (A) have a material adverse effect on Exchange or Exchange Bank, (B) impair in any material respect the ability of Exchange or Exchange Bank to perform its obligations under this Agreement or (C) prevent or materially delay the consummation of the transactions contemplated by this Agreement;

(iv) declare, pay or set aside for payment any dividends or make any distributions on Exchange shares;

(v) purchase, redeem, retire or otherwise acquire any Exchange Shares;

(vi) issue or grant any option or right to acquire any of its capital shares other than the issuance of Exchange Shares pursuant to the exercise of options outstanding as of the date of this Agreement;

(vii) amend or propose to amend any of the governing documents of Exchange or Exchange Bank except as otherwise expressly contemplated by this Agreement;

(viii) effect, directly or indirectly, any share split, recapitalization, combination, exchange of shares, readjustment or other reclassification;

(ix) acquire any real property or all or any portion of the assets, business, deposits or properties of any other entity other than in the ordinary and usual course of business consistent with past practice (A) by way of foreclosures or (B) by acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith;

(x) enter into, establish, adopt or amend any pension, retirement, stock option, stock purchase, savings, profit-sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any Director, Officer or Employee of Exchange or Exchange Bank, or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder; *provided*, *however*, that Exchange or Exchange Bank may take such actions in order to satisfy either applicable law or contractual obligations, including those arising under its benefit plans, existing as of the date hereof and disclosed in the Exchange Disclosure Schedule, or regular annual

renewals of insurance contracts;

(xi) hire any full-time employee, other than replacement employees for positions then existing, announce or pay any general wage or salary increase or bonus, or enter into or amend or renew any employment, consulting, severance or similar agreements or arrangements with any Officer, Director or Employee of Exchange or Exchange Bank, except, in each case, for changes that are required by applicable law or to satisfy contractual obligations existing as of the date hereof that are disclosed in the Exchange Disclosure Schedule;

(xii) borrow or agree to borrow any funds, including but not limited to repurchase transactions, or indirectly guarantee or agree to guarantee any obligations of others, except for amounts as may be obtained with the right of prepayment at any time without penalty or premium, borrowings on an overnight or daily basis and deposit taking in the ordinary course of its business;

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(xiii) enter into or terminate any contract, other than a loan or deposit contract, requiring the payment or receipt of $10,000 or more in any 12-month period or $25,000 in the aggregate, or amend or modify in any material respect any of its existing material contracts, except in each case as set forth in the Exchange Disclosure Schedule;

(xiv) except as disclosed in the Exchange Disclosure Schedule, implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP;

(xv) make or change any Tax election, annual accounting period or Tax accounting method, file any amended Tax Return, settle any Tax claim or assessment, consent to the extension or waiver of any statute of limitations with respect to Taxes, enter into any closing agreement, surrender any right to claim a refund of Taxes, or take any similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of Rurban or Exchange Bank for any period ending after the Effective Time or decreasing any Tax attribute of Exchange or Exchange Bank existing at the Effective Time;

(xvi) originate or issue a commitment to originate any loan secured by real estate in a principal amount of $200,000 or more or any unsecured loan or loan secured by other than real estate in a principal amount of $50,000 or more;

(xvii) establish any new lending programs or make any changes in its policies concerning which persons may approve loans;

(xviii) enter into any securities transactions for its own account or purchase or otherwise acquire any investment security for its own account other than U.S. Government and U.S. agency obligations;

(xix) enter into any interest rate swaps or derivative or hedge contracts;

(xx) increase or decrease the rate of interest paid on time deposits or certificates of deposits, except in a manner consistent with past practices and in relation to rates prevailing in the relevant Exchange Bank market;

(xxi) foreclose upon or otherwise take title to or possession or control of any real property without first obtaining a Phase I Environmental Report thereon which indicates that the property is free of pollutants, contaminants or hazardous or toxic waste materials including asbestos and petroleum products; *provided*, *however*, that Exchange Bank shall not be required to obtain such a report with respect to single-family, non-agriculture residential property of one acre or less to be foreclosed upon unless it has reason to believe such property may contain any such pollutants, contaminants, waste materials including asbestos or petroleum products;

(xxii) take any action that would result in (A) any of its representations or warranties contained in this Agreement being or becoming untrue in any material respect at any time at or prior to the Effective Time, (B) any of the conditions to the Merger set forth in Article Eight not being satisfied, or (C) a violation of any provision of this Agreement except, in each case, as may be required by applicable law or regulation; or

(xxiii) enter into any agreement to do any of the foregoing.

(c) *Maintenance of Property*. Exchange shall, and shall cause Exchange Bank to, use its commercially reasonable efforts to maintain and keep their respective properties and facilities in their present condition and working order, ordinary wear and tear excepted.

(d) *Performance of Obligations*. Exchange shall, and shall cause Exchange Bank to, perform all of their obligations under all agreements relating to or affecting their respective properties, rights and businesses.

(e) *Maintenance of Business Organization*. Exchange shall, and shall cause Exchange Bank to, use their commercially reasonable efforts to maintain and preserve their respective business organizations intact, to retain present key Employees and to maintain the respective relationships of customers, suppliers and others having business relationships with them.

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(f) *Insurance*. Exchange shall, and shall cause Exchange Bank to, maintain insurance coverage with reputable insurers, which in respect of amounts, premiums, types and risks insured, were maintained by them as of the date of this Agreement, and upon the renewal or termination of such insurance, Exchange and Exchange Bank will use their commercially reasonable efforts to renew or replace such insurance coverage with reputable insurers, in respect of the amounts, premiums, types and risks insured or maintained by them as of the date of this Agreement.

(g) *Access to Information*. Exchange shall, and shall cause Exchange Bank to, afford to Rurban and to its officers, employees, investment bankers, attorneys, accountants and other advisors and representatives reasonable and prompt access during normal business hours during the period prior to the Effective Time or the termination of this Agreement to all of Exchange s and Exchange Bank s respective properties, assets, books, contracts, commitments, directors, officers, employees, attorneys, accountants, auditors, other advisors and representatives and records and, during such period, Exchange and Exchange Bank will make available to Rurban on a prompt basis (i) a copy of each report, schedule, form, statement and other document filed or received by it during such period pursuant to the requirements of domestic or foreign (whether national, federal, state, provincial, local or otherwise) laws and (ii) all other information concerning its business, properties and personnel as Rurban may reasonably request (including the financial and Tax work papers of independent auditors and financial consultants); *provided*, *however*, that Rurban shall not unreasonably interfere with the business operations of Exchange or Exchange Bank.

(h) *Payment of Taxes*. Exchange shall, and shall cause Exchange Bank to, timely file all Tax Returns required to be filed on or before the Effective Time, and accrue for and/or pay any Tax shown on such Tax Returns to be due.

5.02. ***Notification***

Between the date of this Agreement and the Closing Date, Exchange promptly shall notify Rurban in writing if Exchange or Exchange Bank becomes aware of any fact or condition that (a) causes or constitutes a breach of any of the representations and warranties of Exchange, or (b) would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the Exchange Disclosure Schedule, Exchange will promptly deliver to Rurban a supplement to the Exchange Disclosure Schedule specifying such change (**Updated Exchange Disclosure Schedule**); *provided*, *however*, that the disclosure of such change in the Updated Exchange Disclosure Schedule shall not be deemed to constitute a cure of any breach of any representation or warranty made pursuant to this Agreement unless consented to in writing by Rurban. During the same period, Exchange will promptly notify Rurban of (i) the occurrence of any breach of any of the covenants of Exchange contained in this Agreement, (ii) the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely or (iii) the occurrence of any event that is reasonably likely, individually or taken with all other facts, events or circumstances known to Exchange, to result in a material adverse effect with respect to Exchange.

5.03. ***Acquisition Transactions***

From and after the date hereof, Exchange shall not, directly or indirectly through any of its Officers, Directors, Employees, agents or advisors, solicit, initiate or knowingly encourage, including by means of furnishing information, any proposals or offers from any person or entity, or discuss or negotiate with any such person or entity, regarding any acquisition or purchase of 20% or more of the outstanding shares of any class of voting securities, or 20% or more of the assets or deposits, of Exchange or Exchange Bank, or any merger, tender or exchange offer, consolidation or business combination involving Exchange or Exchange Bank (collectively, **Acquisition Transactions**). The foregoing sentence shall not apply, however, to the consideration, negotiation and consummation of an Acquisition Transaction not solicited or initiated by Exchange or Exchange Bank or any of their respective Officers, Directors, agents or affiliates if, and to the extent that, the Board of Directors of

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Exchange reasonably determines in good faith after consultation with Exchange s Financial Advisor and upon written advice of legal counsel to Exchange that failure to consider such Acquisition Transaction could reasonably be expected to constitute a breach of its fiduciary duties to the shareholders of Exchange under Ohio law. Exchange shall give Rurban prompt notice of any proposal of an Acquisition Transaction and keep Rurban promptly informed regarding the substance thereof and the response of the Board of Directors of Exchange thereto. Exchange shall immediately cease and cause to be terminated any activities, discussions or negotiations conducted prior to the date of this Agreement with any parties other than Rurban with respect to any Acquisition Proposal and shall use its reasonable best efforts to enforce any confidentiality or similar agreement relating to an Acquisition Proposal.

5.04. ***Delivery of Information***

Exchange shall furnish to Rurban promptly after such documents are available: (a) all reports, proxy statements or other communications by Exchange to its shareholders generally and (b) all press releases relating to any events or transactions.

5.05. ***Affiliates Compliance with the Securities Act***

No later than the 15th day prior to the mailing of the Proxy Statement/Prospectus, Exchange shall deliver to Rurban a schedule of all persons who Exchange reasonably believes are, or are likely to be, as of the date of the Exchange Meeting, deemed to be affiliates of Exchange as that term is used in Rule 145 under the Securities Act (the **Rule 145 Affiliates**). Exchange shall cause each person who may be deemed to be a Rule 145 Affiliate to execute and deliver to Rurban on or before the date of mailing of the Proxy Statement/Prospectus an agreement in the form of *Exhibit A*.

5.06. ***Takeover Laws***

Exchange shall (a) take all necessary steps to exempt (or cause the continued exemption of) this Agreement and the Merger from, or comply with, the requirements of Chapter 1704 of the OGCL and from any provisions under its articles of incorporation and code of regulations, as applicable, by action of the Board of Directors of Exchange or otherwise, and (b) use reasonable efforts to assist in any challenge by Rurban to the validity, or applicability to the Merger, of any such takeover law.

5.07. ***Voting Agreement***

Concurrently with the execution and delivery of this Agreement, and as a condition and material inducement to Rurban s willingness to enter into this Agreement, each of the directors of Exchange and Exchange Bank shall enter into a Voting Agreement in the form attached hereto as *Exhibit B*. If any person shall become a director of Exchange or Exchange Bank after the date of this Agreement and until the Effective Time, Exchange shall cause each such person to execute a Voting Agreement.

5.08 ***No Control***

Nothing contained in this Agreement shall give Rurban, directly or indirectly, the right to control or direct the operations of Exchange or Exchange Bank prior to the Effective Time. Prior to the Effective Time, each of Exchange and Rurban shall exercise, consistent with the terms of this Agreement, complete control and supervision over its and its subsidiaries respective operations.

5.09 ***Termination of Employment and Severance Agreements***

Prior to the Effective Time, Exchange shall, and shall cause Exchange Bank to, satisfy and/or terminate each employment, change in control, severance or consulting agreement to which Exchange or Exchange Bank is a

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party, including those agreements disclosed in Section 3.19 of the Exchange Disclosure Schedule (but excluding any agreements between Exchange and Rurban), and to pay or accrue any and all severance and other payments and benefits required to be paid by Exchange or Exchange Bank as a result of the termination thereof or the transactions contemplated by this Agreement.

5.10 ***Accounting Policies***

Before the Effective Time and at the request of Rurban, Exchange shall, and shall cause Exchange Bank to, promptly (a) establish and take such reserves and accruals to conform Exchange Bank s loan, accrual and reserve policies to Rurban s policies; (b) establish and take such accruals, reserves and charges in order to implement such policies in respect of excess facilities and equipment capacity, severance costs, litigation matters, write-off or write-down of various assets and other appropriate accounting adjustments; and (c) recognize for financial accounting purposes such expenses of the Merger and restructuring charges related to or to be incurred in connection with the Merger, to the extent permitted by law and consistent with GAAP; *provided*, *however*, that neither Exchange nor Exchange Bank shall be obligated to make any such changes or adjustments until the satisfaction of all unwaived conditions set forth in Section 8.03(a) and (b).

ARTICLE SIX

FURTHER COVENANTS OF RURBAN

6.01. ***Access to Information***

Rurban shall furnish to Exchange promptly after such documents are available: (a) all reports, proxy statements or other communications by Rurban to its shareholders generally; and (b) all press releases relating to any transactions.

6.02. ***Employees; Employee Benefits***

(a) All employees of Exchange and Exchange Bank who are actively employed at the Effective Time and who Rurban determines to retain after the Merger shall continue as employees of Exchange Bank (**Continuing Employees**) at the Effective Time and, with respect to continuing Employees who are not currently covered by a written employment or severance agreement with Exchange Bank, shall be employed as at-will employees of Exchange Bank. Continuing Employees shall continue to participate in the Exchange Compensation and Benefit Plans unless and until Rurban, in its sole discretion, shall determine that all or some of the Exchange Compensation and Benefit Plans shall be terminated or merged into certain employee benefit plans of Rurban or a Rurban Subsidiary. Following the termination or merger of all or some of the Exchange Compensation and Benefit Plans, Rurban will, or will cause its Subsidiaries to, provide each Continuing Employee with employee benefits to replace those programs that have been terminated or merged (other than equity or equity-based plans and programs) that are no less than the benefits provided to similarly situated employees of Rurban and its Subsidiaries. At such time as the Continuing Employees shall participate in any employee benefit plans of Rurban pursuant to the foregoing, each such Continuing Employee shall be credited with years of service with Exchange, Exchange Bank and, to the extent credit would have been given by Exchange or Exchange Bank for years of service with a predecessor (including any business organization acquired by Exchange or Exchange Bank), years of service with a predecessor of Exchange or Exchange Bank, for purposes of eligibility and vesting (but not for benefit accrual purposes) in the employee benefit plans of Rurban, and shall not be subject to any exclusion or penalty for pre-existing conditions that were covered under the Exchange Compensation and Benefit Plans immediately prior to the Effective Time, or to any waiting period relating to such coverage.

(b) Any employee of Exchange or Exchange Bank immediately before the Effective Time who is not currently covered by a written employment, severance or change in control agreement with Exchange or Exchange Bank and who Rurban elects not to retain as an employee of Exchange Bank or Rurban after the

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Effective Time shall receive (subject to any applicable regulatory constraints): (i) a severance payment equal to one week of pay for each year of service to Exchange and/or Exchange Bank, up to a maximum of 13 weeks of pay; and (ii) payment for vacation and sick time that is unused and accrued consistent with the terms of Exchange s or Exchange Bank s vacation and sick time policies in effect on the date of this Agreement. Additionally, any such employee who is not retained after the Effective Time shall be entitled to elect so-called COBRA in accordance with, and subject to, the provisions of Code Section 4980B(f).

6.03. ***Exchange Listing***

Rurban shall file a listing application with Nasdaq for the Rurban Shares to be issued to the former holders of Exchange Shares in the Merger at the time prescribed by applicable rules and regulations of Nasdaq, and shall use commercially reasonable efforts to cause the Rurban Shares to be issued in connection with the Merger to be approved for listing on Nasdaq, subject to official notice of issuance, prior to the Closing Date. In addition, Rurban will use its best efforts to maintain its listing on Nasdaq.

6.04. ***Notification***

Between the date of this Agreement and the Closing Date, Rurban will promptly notify Exchange in writing if Rurban becomes aware of any fact or condition that (a) causes or constitutes a breach of any of the representations and warranties of Rurban or (b) would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, Rurban will promptly notify Exchange of (i) the occurrence of any breach of any of the covenants of Rurban contained in this Agreement, (ii) the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely or (iii) the occurrence of any event that is reasonably likely, individually or taken with all other facts, events or circumstances known to Rurban, to result in a material adverse effect with respect to Rurban.

6.05. ***Officers and Directors Liability Insurance***

(a) For a period of five (5) years from the Effective Time, Rurban shall contract for the provision of that portion of directors and officers liability insurance that serves to reimburse the present and former Officers and Directors of Exchange and Exchange Bank (determined as of the Effective Time) with respect to claims against such Officers and Directors arising from facts or events which occurred before the Effective Time, on terms no less favorable than those in effect on the date hereof; *provided*, *however*, that Rurban may substitute therefor policies providing at least comparable coverage containing terms and conditions no less favorable than those in effect on the date hereof; and *provided further*, *however*, that in no event shall Rurban be required to expend more than 300% of the current annual premium paid by Exchange and Exchange Bank to maintain or procure such directors and officers liability insurance (and, if Rurban is unable to maintain or obtain the insurance called for by this Section 6.05(b) for such amount, Rurban shall obtain as much comparable insurance as is available for such amount).

(b) The provisions of this Section 6.05 shall survive consummation of the Merger.

6.06. ***Election to Exchange Bank Board***

After the Effective Time, Rurban agrees to take all reasonable actions necessary to elect Mr. Marion Layman as a director of the Exchange Bank through December 31, 2006.

6.07. ***Availability of Funds***

At the Effective Time, Rurban shall have sufficient funds available for the payment of the Aggregate Cash Consideration in accordance with the provisions of Article Two.

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ARTICLE SEVEN

FURTHER OBLIGATIONS OF THE PARTIES

7.01. ***Cooperative Action***

Subject to the terms and conditions of this Agreement, each of Exchange and Rurban agrees to use its best efforts to satisfy all of the conditions to this Agreement and to cause the consummation of the transactions described in this Agreement, and to take, or cause to be taken, all further actions and execute all additional documents, agreements and instruments which may be reasonably required, in the opinion of counsel for Exchange (**Exchange s Counsel**), and counsel for Rurban (**Rurban s Counsel**), to satisfy all legal requirements of the State of Ohio and of the United States, so that this Agreement and the transactions contemplated hereby will become effective as promptly as practicable.

7.02. ***Press Releases***

Neither Rurban nor Exchange shall make any press release or other public announcement concerning the transactions contemplated by this Agreement without the consent of the other party hereto as to the form and contents of such press release or public announcement, except to the extent that such press release or public announcement may be required by law or Nasdaq rules to be made before such consent can be obtained.

7.03. ***Registration Statements; Proxy Statement; Exchange Meeting***

(a) Rurban agrees to prepare pursuant to all applicable laws, rules and regulations a registration statement on Form S-4 (such registration statement and all amendments or supplements thereto, the **Registration Statement**), to be filed by Rurban with the SEC in connection with the issuance of Rurban Shares in the Merger (including the appropriate proxy solicitation materials to be submitted to the Exchange shareholders for the Exchange Meeting (the **Proxy Statement**), constituting a part thereof and all related documents). Exchange agrees to cooperate, and to cause Exchange Bank to cooperate, with Rurban, its counsel and its accountants in the preparation of the Registration Statement and the Proxy Statement; and provided that Exchange and Exchange Bank have cooperated as required above, Rurban agrees to file the Registration Statement, which will include the Proxy Statement and a prospectus in respect of the Rurban Shares to be issued in the Merger (together, the **Proxy Statement/Prospectus**). Each of Rurban and Exchange agrees to use all commercially reasonable efforts to cause the Registration Statement, including the Proxy Statement/Prospectus, to be declared effective under the Securities Act as promptly as reasonably practicable after the filing thereof. Rurban also agrees to use all reasonable efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement. Exchange agrees to promptly furnish to Rurban all information concerning Exchange, Exchange Bank and the Officers, Directors and shareholders of Exchange as Rurban reasonably may request in connection with the foregoing. Each of Exchange and Rurban shall promptly notify the other upon the receipt of any comments from the SEC or its staff or any request from the SEC or its staff for amendments or supplements to the Registration Statement or the Proxy Statement/Prospectus and shall promptly provide the other with copies of all correspondence between it and its representatives, on the one hand, and the SEC and its staff, on the other hand. Notwithstanding the foregoing, prior to filing the Registration Statement (or any amendment or supplement thereto), filing or mailing the Proxy Statement/Prospectus (or any amendment or supplement thereto), or responding to any comments of the SEC with respect thereto, each of Exchange and Rurban, as the case may be, (i) shall provide the other party with a reasonable opportunity to review and comment on such document or response, (ii) shall include in such document or response all comments reasonably proposed by such other party, and (iii) shall not file or mail such document or respond to the SEC prior to receiving such other s approval, which approval shall not be unreasonably withheld or delayed.

(b) Each of Exchange and Rurban agrees, as to itself and its Subsidiaries, that none of the information to be supplied by it for inclusion or incorporation by reference in (i) the Registration Statement will, at the time the

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Registration Statement and each amendment or supplement thereto, if any, is filed with the SEC and at the time the Registration Statement becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading, and (ii) the Proxy Statement/Prospectus and any amendment or supplement thereto will, as of the date such Proxy Statement/Prospectus is mailed to shareholders of Exchange and up to and including the date of the meeting of Exchange s shareholders to which such Proxy Statement/Prospectus relates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under where they were made not misleading.

(c) Each of Exchange and Rurban agrees, if it shall become aware prior to the Effective Time of any information furnished by it that would cause any of the statements in the Registration Statement or the Proxy Statement/Prospectus to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other party thereof and to take the necessary steps to correct the Registration Statement and the Proxy Statement/Prospectus.

(d) Exchange shall, as promptly as practicable following the date of this Agreement, establish a record date for, duly call, give notice of, convene and hold the Exchange Meeting, regardless of whether the Board of Directors of Exchange determines at any time that this Agreement or the Merger is no longer advisable or recommends that the shareholders of Exchange reject this Agreement or the Merger. Exchange shall cause the Exchange Meeting to be held as promptly as practicable following the effectiveness of the Registration Statement, and in any event not later than 45 days after the effectiveness of the Registration Statement. Exchange shall, through its Board of Directors, recommend to its shareholders that they adopt this Agreement, and shall include such recommendation in the Proxy Statement/Prospectus, in each case subject to its fiduciary duties as provided in Section 5.03. Without limiting the generality of the foregoing, Exchange agrees that its obligations pursuant to this Section shall not be affected by the commencement, public proposal, public disclosure or communication to Exchange or any other person of any Acquisition Transaction.

7.04. ***Regulatory Applications***

Rurban and Exchange and their respective Subsidiaries shall cooperate and use their reasonable best efforts to prepare all documentation, to timely effect all filings and to obtain all permits, consents, approvals and authorizations of all third parties and Governmental and Regulatory Authorities, including, without limitation, those required to be filed pursuant to the BHCA, as well as pre-merger notification forms required by the merger notification or control laws and regulations of any applicable jurisdiction, as agreed to by the parties, in any event which are necessary to consummate the transactions contemplated by this Agreement. Each of Rurban and Exchange shall have the right to review in advance, and to the extent practicable, each will consult with the other, in each case subject to applicable laws relating to the exchange of information, with respect to, and shall be provided in advance so as to reasonably exercise its right to review in advance, all material written information submitted to any third party or any Governmental or Regulatory Authority in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each party hereto agrees that it will consult with the other party hereto with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and Governmental and Regulatory Authorities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of material matters relating to completion of the transactions contemplated hereby. Each party agrees, upon request, to furnish the other party with all information concerning itself, its Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of such other party or of its Subsidiaries to any third party or Governmental or Regulatory Authority.

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7.05. ***Supplemental Assurances***

(a) On the date the Registration Statement becomes effective and on the Closing Date, Exchange shall deliver to Rurban a certificate signed by its principal executive officer and its principal financial officer to the effect that, to such officers knowledge, the information contained in the Registration Statement relating to the business, financial condition and affairs of Exchange and Exchange Bank, does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(b) On the date the Registration Statement becomes effective and on the Closing Date, Rurban shall deliver to Exchange a certificate signed by its chief executive officer and its chief financial officer to the effect that, to such officers knowledge, the Registration Statement (other than the information contained therein relating to the business, financial condition and affairs of Exchange and Exchange Bank) does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made.

7.06. ***Confidentiality***

Exchange and Rurban agree for themselves, and their representatives, successors and assigns, that any and all confidential or proprietary information each obtains (including information obtained by their Subsidiaries) from the other will be kept strictly confidential and not be disclosed by them or their representatives, agents, successors and assigns to any other person or group, except (a) among their attorneys, accountants and other representatives; (b) for any disclosure of such information to which the other consents in writing or which in the opinion of counsel for the disclosing party is required to be made under the Securities Act of 1933, the Exchange Act, or other applicable laws or orders in order to permit any transaction in their securities; and (c) for information already in the public domain not as a result of the actions of the disclosing person or its representatives in violation of this provision. In the event that the transactions contemplated by this Agreement shall fail to be consummated for any reason, each party to this Agreement shall promptly cause all confidential or proprietary information relating to the other party, and furnished by the other party or prepared pursuant to information provided by the other party regardless of who prepared the information, to be returned to the other party or be destroyed.

ARTICLE EIGHT

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PARTIES

8.01. ***Conditions to the Obligations of Rurban***

The obligations of Rurban under this Agreement shall be subject to the satisfaction, or written waiver by Rurban prior to the Closing Date, of each of the following conditions precedent:

(a) The representations and warranties of Exchange set forth in this Agreement shall be true and correct in all material respects (except for representations and warranties that contain qualifications as to materiality, which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though such representations and warranties were also made as of the Closing Date, except that those representations and warranties which by their terms speak as of a specific date shall be true and correct as of such date; and Rurban shall have

received a certificate, dated the Closing Date, signed by the chief executive officer and the chief financial officer of Exchange to such effect.

(b) Exchange shall have performed in all material respects all of its covenants and obligations under this Agreement to be performed by it on or prior to the Closing Date, including those relating to the Closing and the closing deliveries required by Section 9.03 of this Agreement, and Rurban shall have received a certificate, dated the Closing Date, signed by the chief executive officer and the chief financial officer of Exchange to such effect.

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(c) Exchange and Exchange Bank shall have obtained the consent or approval of each person (other than Governmental and Regulatory Authorities) whose consent or approval shall be required in connection with the transactions contemplated hereby under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument, except those for which failure to obtain such consents and approvals would not, individually or in the aggregate, have a material adverse effect, after the Effective Time, on the Surviving Corporation.

(d) From the date of this Agreement, there shall not have occurred any material adverse effect on Exchange, or any change, condition, event or development that, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on Exchange. Without limiting the generality of the foregoing, the entering into by Exchange and/or Exchange Bank of a written agreement with a Regulatory Authority, or the issuance by a Regulatory Authority of a cease and desist order against Exchange and/or Exchange Bank, shall be conclusively deemed to constitute a material adverse effect on Exchange for purposes of this Section 8.01(e).

8.02. ***Conditions to the Obligations of Exchange***

The obligations of Exchange under this Agreement shall be subject to satisfaction, or written waiver by Exchange prior to the Closing Date, of each of the following conditions precedent:

(a) The representations and warranties of Rurban set forth in this Agreement shall be true and correct in all material respects (except for representations and warranties that contain qualifications as to materiality, which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though such representations and warranties were also made as of the Closing Date, except that representations and warranties which by their terms speak as of a specific date shall be true and correct as of such date; and Exchange shall have received a certificate, dated the Closing Date, signed by the chief executive officer and the chief financial officer of Rurban to such effect.

(b) Rurban shall have performed in all material respects all of its covenants and obligations under this Agreement to be performed by it on or prior to the Closing Date, including those related to the Closing and the closing deliveries required by Section 9.02, and Exchange shall have received a certificate, dated the Closing Date, signed by the chief executive officer and the chief financial officer of Rurban to such effect.

(c) Rurban shall have obtained the consent or approval of each person (other than Governmental and Regulatory Authorities) whose consent or approval shall be required in connection with the transactions contemplated hereby under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument, except those for which failure to obtain such consents and approvals would not, individually or in the aggregate, have a material adverse effect, after the Effective Time, on the Surviving Corporation.

(d) Exchange shall have received from Exchange s Financial Advisor an opinion reasonably acceptable to Exchange, dated as of the date of the Proxy Statement/Prospectus, to the effect that the consideration to be received by the holders of the Exchange Shares in the Merger is fair, from a financial point of view.

8.03. ***Mutual Conditions***

The obligations of Exchange and Rurban under this Agreement shall be subject to the satisfaction, or written waiver by the parties prior to the Closing Date, of each of the following conditions precedent:

(a) The shareholders of Exchange shall have duly adopted this Agreement by the required vote.

(b) All approvals of Governmental and Regulatory Authorities required to consummate the transactions contemplated by this Agreement shall have been obtained and shall remain in full force and effect, and all statutory waiting periods in respect thereof shall have expired, and no such approvals or statute, rule or order

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shall contain any conditions, restrictions or requirements that would reasonably be expected to have a material adverse effect after the Effective Time on the present or prospective consolidated financial condition, business or operating results of the Surviving Corporation.

(c) No temporary restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect. No Governmental or Regulatory Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced, deemed applicable or entered any statute, rule, regulation, judgment, decree, injunction or other order prohibiting consummation of the transactions contemplated by this Agreement or making the Merger illegal.

(d) The Registration Statement shall have become effective under the Securities Act and no stop-order or similar restraining order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated by the SEC.

(e) The Rurban Shares to be issued in the Merger shall have been approved for listing on Nasdaq, subject to official notice of issuance.

(f) Rurban and Exchange shall have received the written opinion of Rurban s Counsel, dated the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a)(1)(A) of the Code. In rendering its opinion, Rurban s Counsel will require and rely upon customary representations contained in letters from Rurban and Exchange that Rurban s Counsel reasonably deems relevant.

ARTICLE NINE

CLOSING

9.01. ***Closing***

The closing (the **Closing**) of the transactions contemplated by this Agreement shall be held at the offices of Rurban, 401 Clinton Street, Defiance, Ohio 43512, commencing at 10:00 a.m., local time, on (a) the date designated by Rurban, which date shall not be earlier than the third business day to occur after the last of the conditions set forth in Article Eight shall have been satisfied or waived in accordance with the terms of this Agreement (excluding conditions that, by their terms, cannot be satisfied until the Closing Date) or later than the last business day of the month in which such third business day occurs; *provided*, *however*, that no such election shall cause the Closing to occur on a date after that specified in Section 11.01(b)(i) of this Agreement or after the date or dates on which any Governmental or Regulatory Authority approval or any extension thereof expires; and *provided further*, that if Exchange has delivered a termination notice pursuant to the provisions of Section 11.01(c)(iv), the Closing Date shall be the third business day following delivery of the Top-Up Notice, if any, or (b) such other date to which the parties agree in writing. The date of the Closing is sometimes herein called the **Closing Date**.

9.02. ***Closing Deliveries Required of Rurban***

At the Closing, Rurban shall cause all of the following to be delivered to Exchange:

(a) The certificates of Rurban contemplated by Section 8.02(a) and (b) of this Agreement.

(b) Copies of all resolutions adopted by the Board of Directors of Rurban, approving and adopting this Agreement and authorizing the consummation of the transactions described herein, accompanied by a certificate of the secretary or assistant secretary of Rurban, as applicable, dated as of the Closing Date, and certifying (i) the date and manner of adoption of each such resolution; and (ii) that each such resolution is in full force and effect, without amendment or repeal, as of the Closing Date.

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9.03. ***Closing Deliveries Required of Exchange***

At the Closing, Exchange shall cause all of the following to be delivered to Rurban:

(a) The certificates of Exchange contemplated by Sections 8.01(a) and (b) of this Agreement.

(b) Copies of all resolutions adopted by the Board of Directors and the shareholders of Exchange approving and adopting this Agreement and authorizing the consummation of the transactions described herein, accompanied by a certificate of the secretary or the assistant secretary of Exchange dated as of the Closing Date, and certifying (i) the date and manner of the adoption of each such resolution; and (ii) that each such resolution is in full force and effect, without amendment or repeal, as of the Closing Date.

(c) A statement issued by Exchange in the form attached hereto as *Exhibit C*, dated as of the Closing Date, certifying that the Exchange Shares are not a U.S. real property interest within the meaning of Treasury Department Regulation Sections 1.897-2(b)(1) and (h).

ARTICLE TEN

NON-SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

10.01. ***Non-Survival of Representations, Warranties and Covenants***

The representations, warranties and covenants of Rurban and Exchange set forth in this Agreement, or in any document delivered pursuant to the terms hereof or in connection with the transactions contemplated hereby, shall not survive the Closing and the consummation of the transactions referred to herein, other than covenants which by their terms are to survive or be performed after the Effective Time (including, without limitation, those set forth in Section 6.02, 6.05, this Article Ten and Article Twelve); except that no such representations, warranties or covenants shall be deemed to be terminated or extinguished so as to deprive the Surviving Corporation (or any director, officer or controlling person thereof) of any defense in law or equity which otherwise would be available against the claims of any person, including, without limitation, any shareholder or former shareholder of either Exchange or Rurban.

ARTICLE ELEVEN

TERMINATION

11.01. ***Termination***

This Agreement may be terminated, and the Merger may be abandoned, at any time prior to the Effective Time, whether prior to or after this Agreement has been adopted by the shareholders of Exchange:

(a) By mutual written agreement of Exchange and Rurban duly authorized by action taken by or on behalf of their respective Boards of Directors;

(b) By either Exchange or Rurban, duly authorized by action taken by or on behalf of its Board of Directors, upon written notification to the non-terminating party by the terminating party, if:

(i) at any time after December, 31, 2005, the Merger shall not have been consummated on or prior to such date and such failure to consummate the Merger is not caused by a breach of this Agreement by the terminating party;

(ii) the shareholders of Exchange shall not have adopted this Agreement by reason of the failure to obtain the requisite vote upon a vote held at the Exchange Meeting, or any adjournment thereof;

(iii) the approval of any Governmental or Regulatory Authority required for consummation of the Merger and the other transactions contemplated by this Agreement shall have been denied by final, non-appealable action of such Governmental or Regulatory Authority; or

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(c) By Exchange, duly authorized by action taken by or on behalf of its Board of Directors, by providing written notice to Rurban, if:

(i) prior to the Closing Date, any representation or warranty of Rurban shall have become untrue such that the condition set forth in Section 8.01(a) would not be satisfied and which breach has not been cured within thirty (30) days following receipt by Rurban of written notice of breach or is incapable of being cured during such time period;

(ii) Rurban shall have failed to comply in any material respect with any covenant or agreement on the part of Rurban contained in this Agreement required to be complied with prior to the date of such termination, which failure to comply shall not have been cured within thirty (30) days following receipt by Rurban of written notice of such failure to comply or is incapable of being cured during such time period;

(iii) the Board of Directors of Exchange determines in good faith, based upon advice from independent legal counsel, that termination of this Agreement is required for the Board of Directors of Exchange to comply with its fiduciary duties to shareholders imposed by law by reason of an Acquisition Proposal having been made and provided Exchange has complied with its obligations under Section 5.03 with respect to such Acquisition Proposal; *provided*, *however*, that Exchange s ability to terminate pursuant to this subsection (c)(iii) is conditioned upon the prior payment by Exchange to Rurban of any amounts owed by Exchange to Rurban pursuant to Section 11.02(b); or

(iv) (A) the market value of a Rurban Share based on the average closing prices for Rurban Shares for the twenty (20) trading days ending on the tenth (10^{th}) trading day prior to the date then established for the Closing Date (such value referred to herein as the **Rurban Reference Price**, and such period referred to herein as the **Reference Period**), is less than $12.02, appropriately adjusted for any stock splits, reverse stock splits, stock dividends, recapitalizations or other similar transactions, and (B) the Rurban Reference Price has declined as a percentage of $14.15, by more than 15% from the decline, if any, in the SNL Bank Index during the period beginning on the date of this Agreement and ending on the tenth (10th) trading day prior to the date then established for the Closing Date (the **Exchange Walkaway Right**); *provided*, *however*, that if Exchange elects to exercise the Exchange Walkaway Right, Rurban shall have five (5) days to notify Exchange in writing (the **Top-Up Notice**) that it elects to adjust the Exchange Ratio such that the product of the Exchange Ratio multiplied by the Rurban Reference Price equals 85% of the Per Share Cash Consideration. If Rurban so notifies the Company, the Exchange Walkaway Right shall be of no further force and effect and this Agreement shall remain in effect in accordance with its terms (except that the Exchange Ratio shall thereafter, for all purposes of this Agreement, be deemed to be as set forth in the Top-Up Notice).

(d) By Rurban, duly authorized by action taken by or on behalf of its Board of Directors, by providing written notice to Exchange, if:

(i) prior to the Closing Date, any representation or warranty of Exchange shall have become untrue such that the condition set forth in Section 8.02(a) would not be satisfied and which breach has not been cured within thirty (30) days following receipt by Exchange of written notice of breach or is incapable of being cured during such time period;

(ii) Exchange shall have failed to comply in any material respect with any covenant or agreement on the part of Exchange contained in this Agreement required to be complied with prior to the date of such termination, which failure to comply shall not have been cured within thirty (30) days following receipt by Exchange of written notice of such failure to comply or is incapable of being cured during such time period; or

(iii) Rurban is required to increase the Exchange Ratio pursuant to, and in accordance with, the provisions of Section 2.01(f).

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11.02. ***Effect of Termination***

(a) If this Agreement is validly terminated by either Exchange or Rurban pursuant to Section 11.01, this Agreement will forthwith become null and void and there will be no liability or obligation on the part of Exchange or Rurban, except (i) that the provisions of Sections 7.02, 7.06 and 12.07 and this Article Eleven will continue to apply following any such termination, (ii) that nothing contained herein shall relieve any party hereto from liability for breach of its representations, warranties, covenants or agreements contained in this Agreement and (iii) as provided in paragraph (b) below.

(b) Exchange shall promptly pay to Rurban a termination fee equal to $625,000 in immediately available federal funds if:

(i) (A) this Agreement is terminated pursuant to Section 11.01(b)(ii), 11.01(d)(i) or 11.01(d)(ii), and (B) within eighteen (18) months after the date of such termination, Exchange and/or Exchange Bank shall have entered into an agreement relating to an Acquisition Proposal or any Acquisition Proposal shall have been consummated;

(ii) Exchange, Exchange Bank or the shareholders of Exchange receive an Acquisition Proposal, the Board of Directors of Exchange withdraws or modifies in any manner materially adverse to Rurban its recommendation of the Merger to the shareholders of Exchange and either (A) the shareholders of Exchange do not adopt this Agreement at the Exchange Meeting called and held for such purpose in accordance with this Agreement, or (B) the shareholders of Exchange fail to meet by October 31, 2005, to vote on the adoption of this Agreement; or

(iii) Exchange terminates this Agreement pursuant to the provisions of Section 11.01(c)(iii) hereof.

(c) Rurban shall promptly pay to Exchange a termination fee equal to $250,000 in immediately available federal funds if this Agreement is terminated pursuant to Section 11.01(d)(iii).

ARTICLE TWELVE

MISCELLANEOUS

12.01. ***Notices***

All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be given in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered by hand or by telecopy, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the third business day following the date of mailing if sent by certified mail, postage prepaid, return receipt requested. All notices thereunder shall be delivered to the following addresses:

If to Exchange, to:

Exchange Bancshares, Inc.

237 Main Street

P.O. Box 177

Luckey, Ohio 43443

Attn: Marion Layman, Chairman

Facsimile Number: (419) 833-3663

with a copy to:

Dinsmore & Shohl LLP

255 East Fifth Street

Cincinnati, OH 45202

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Attention: Susan B. Zaunbrecher

Facsimile Number: (513) 977-8141

If to Rurban, to:

Rurban Financial Corp.

401 Clinton Street

P.O. Box 467

Defiance, Ohio 43512

Attn: Kenneth A. Joyce, President and CEO

Facsimile Number: (419) 782-6393

with a copy to:

Vorys, Sater, Seymour and Pease LLP

52 East Gay Street

P.O. Box 1008

Columbus, Ohio 43216-1008

Attention: Charles S. DeRousie

Facsimile Number: (614) 719-4687

Any party to this Agreement may, by notice given in accordance with this Section 12.01, designate a new address for notices, requests, demands and other communications to such party.

12.02. ***Counterparts***

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which taken together shall be deemed to constitute a single instrument.

12.03. ***Entire Agreement***

This Agreement (including the exhibits, documents and instruments referred to herein) constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

12.04. ***Successors and Assigns***

This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns (including successive, as well as immediate, successors and assigns) of the parties hereto. This Agreement may not be assigned by either party hereto without the prior written consent of the other party.

12.05. ***Captions***

The captions contained in this Agreement are included only for convenience of reference and do not define, limit, explain or modify this Agreement or its interpretation, construction or meaning and are in no way to be construed as part of this Agreement.

12.06. ***Governing Law***

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio without giving effect to principles of conflicts or choice of laws (except to the extent that mandatory provisions of Federal law are applicable).

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12.07. ***Payment of Fees and Expenses***

Except as otherwise agreed in writing, each party hereto shall pay all of its own costs and expenses, including legal, accounting and investment bankers fees, and all expenses relating to its performance of, and compliance with, its undertakings herein. All fees to be paid to Governmental and Regulatory Authorities in connection with the transactions contemplated by this Agreement shall be borne by Rurban.

12.08. ***Amendment***

From time to time and at any time prior to the Effective Time, this Agreement may be amended only by an agreement in writing executed by the parties hereto, after authorization of such action by their respective Boards of Directors; except that, after the Exchange Meeting, this Agreement may not be amended if it would violate the OGCL.

12.09. ***Waiver***

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

12.10. ***Disclosure Schedule***

If there is any inconsistency between the statements in the body of this Agreement and those in the Exchange Disclosure Schedule (other than an exception expressly set forth as such in the Exchange Disclosure Schedule with respect to a specifically identified representation or warranty), the statements in the body of this Agreement will control.

12.11. ***No Third-Party Rights***

Except as specifically set forth herein, nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

12.12. ***Waiver of Jury Trial***

Each of the parties hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

12.13. ***Severability***

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

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IN WITNESS WHEREOF, this Agreement and Plan of Merger has been executed on behalf of Rurban and Exchange to be effective as of the date set forth in the first paragraph above.

ATTEST:

/s/ Valda L. Colbart

RURBAN FINANCIAL CORP.

By: /s/ James E. Adams
Printed Name: **James E. Adams**
Title: **Executive Vice President and CFO**

ATTEST:

/s/ Joseph R. Hirzel

EXCHANGE BANCSHARES, INC.

By: /s/ Marion Layman
Printed Name: **Marion Layman**
Title: **Chairman**

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EXHIBIT A

Form of Affiliate Letter

, 2005

Rurban Financial Corp.

401 Clinton Street

Defiance, Ohio 43512

Ladies and Gentlemen:

I have been advised that, as of the date hereof, I may be deemed to be an affiliate of Exchange Bancshares, Inc., an Ohio corporation (Exchange), as the term affiliate is (i) defined for purposes of paragraphs (c) and (d) of Rule 145 of the Rules and Regulations (the Rules and Regulations) of the Securities and Exchange Commission (the Commission) under the Securities Act of 1933, as amended (the 1933 Act), and/or (ii) used in and for purposes of Accounting Series Releases 130 and 135, as amended, of the Commission. Pursuant to the terms of the Agreement and Plan of Merger, dated as of April 13, 2005 (the Merger Agreement), by and between Exchange and Rurban Financial Corp., an Ohio corporation (Rurban), Exchange will be merged (the Merger) with and into Rurban and the name of the surviving corporation will be Rurban Financial Corp.

As used herein, Exchange Shares means the common shares, $5.00 par value per share, of Exchange, and Rurban Shares means the common shares, without par value, of Rurban.

I represent, warrant and covenant to Rurban that if I receive any Rurban Shares as a result of the Merger:

A. I shall not make any sale, transfer or other disposition of any Rurban Shares (including any securities which may be paid as a dividend or otherwise distributed thereon or received pursuant to the exercise of stock options) acquired by me in the Merger in violation of the 1933 Act or the Rules and Regulations.

B. I have carefully read this letter and the Agreement and discussed their requirements and other applicable limitations upon my ability to sell, transfer or otherwise dispose of Rurban Shares (including any securities which may be paid as a dividend or otherwise distributed thereon or received pursuant to the exercise of stock options) to the extent I felt necessary, with my counsel or counsel for Exchange.

C. I have been advised that the issuance of Rurban Shares to me pursuant to the Merger has been or will be registered with the Commission under the 1933 Act on a Registration Statement on Form S-4. However, I have also been advised that, because at the time the Merger was submitted for a vote of the shareholders of Exchange, I may have been deemed to be an affiliate of Exchange, the distribution by me of any Rurban Shares acquired by me in the Merger will not be registered under the 1933 Act and that I may not sell, transfer or otherwise dispose of any Rurban Shares (including any securities which may be paid as a dividend or otherwise distributed thereon or received pursuant to the exercise of stock options) acquired by me in the Merger unless (i) such sale, transfer or other disposition has been registered under the 1933 Act, (ii) such sale, transfer or other disposition is made in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the 1933 Act, or (iii) in the opinion of counsel reasonably acceptable to the Rurban, such sale, transfer or other disposition is otherwise exempt from registration under the 1933 Act.

D. I understand that Rurban is under no obligation to register under the 1933 Act the sale, transfer or other disposition by me or on my behalf of any Rurban Shares acquired by me in the Merger or to take any other action necessary in order to make an exemption from such registration available.

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E. I also understand that stop transfer instructions will be given to Rurban s transfer agent with respect to Rurban Shares (including any securities which may be paid as a dividend or otherwise distributed thereon or received pursuant to the exercise of stock options) and that there will be placed on the certificates for the Rurban Shares acquired by me in the Merger, or any substitutions therefor, a legend stating in substance:

The common shares represented by this certificate were issued in a transaction to which Rule 145 promulgated under the Securities Act of 1933 applies. The common shares represented by this certificate may only be transferred in accordance with the terms of an agreement dated , 2005 between the registered holder hereof and the issuer of the certificate, a copy of which agreement will be mailed to the holder hereof without charge within five days after receipt of written request therefor.

F. I also understand that unless the transfer by me of my Rurban Shares has been registered under the 1933 Act or is a sale made in conformity with the provisions of Rule 145, Rurban reserves the right to put the following legend on the certificates issued to my transferee:

The common shares represented by this certificate have not been registered under the Securities Act of 1933 and were acquired from a person who received such common shares in a transaction to which Rule 145 promulgated under the Securities Act of 1933 applies. The common shares may not be sold, pledged or otherwise transferred except in accordance with an exemption from the registration requirements of the Securities Act of 1933.

It is understood and agreed that the legends set forth in paragraphs E and F above shall be removed by delivery of substitute certificates without such legends if the undersigned shall have delivered to Rurban a copy of a letter from the staff of the Commission, or an opinion of counsel in form and substance reasonably satisfactory to Rurban, to the effect that such legends are not required for purposes of the 1933 Act.

Very truly yours,

Printed Name:

Accepted this day of

, 2005

RURBAN FINANCIAL CORP.

By:
Printed Name:
Title:

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EXHIBIT B

Form of Voting Agreement

THIS VOTING AGREEMENT (this Agreement) is entered into as of this 13th day of April, 2005, between the undersigned Shareholder (the Shareholder) of Exchange Bancshares, Inc., an Ohio corporation (Exchange), and Rurban Financial Corp., an Ohio corporation (Rurban).

RECITALS

A. The Shareholder owns or has the power to vote, other than in a fiduciary capacity, common shares, par value $5.00 per share, of Exchange (together with all other shares of Exchange that the Shareholder may subsequently acquire or obtain the power to vote, other than in a fiduciary capacity, the Shares).

B. Exchange has entered into an Agreement and Plan of Merger by and between Rurban and Exchange of even date herewith (the Merger Agreement).

C. Under the terms of the Merger Agreement, Exchange has agreed to call a meeting of its Shareholders for the purpose of voting upon the adoption of the Merger Agreement (together with any adjournments thereof, the Exchange Meeting).

D. The parties to the Merger Agreement have made it a condition to their entering into the Merger Agreement that certain Shareholders of Exchange, including the Shareholder, agree to vote their shares of Exchange in favor of the adoption of the Merger Agreement.

AGREEMENT

Accordingly, the parties hereto agree as follows:

1. ***Agreement to Vote***. The Shareholder agrees, subject to Section 2 below, to vote the Shares as follows:

(a) in favor of the adoption of the Merger Agreement;

(b) against the approval of any proposal relating to a competing merger or business combination involving an acquisition of Exchange or Exchange Bank or the purchase of all or a substantial portion of the assets of Exchange or Exchange Bank by any person or entity other than Rurban or an affiliate of Rurban; and

(c) against any other transaction which is inconsistent with the obligations of Exchange under the Merger Agreement.

2. ***Limitation on Voting Power***. It is expressly understood and acknowledged that nothing contained herein is intended to restrict the Shareholder from voting on any matter, or otherwise from acting, in the Shareholder s capacity as a director or officer of Exchange with respect to any matter including, but not limited to, the management or operation of Exchange.

3. ***Termination***. This Agreement shall terminate on the earlier of (a) the date on which the Merger Agreement is terminated in accordance with Article Eleven of the Merger Agreement, (b) the date on which the merger contemplated by the Merger Agreement is consummated, or (c) the death of the Shareholder.

4. ***Representations, Warranties, and Additional Covenants of the Shareholder***. The Shareholder hereby represents and warrants to Rurban that (a) the Shareholder has the capacity and all necessary power and authority

to vote the Shares and (b) this Agreement constitutes a legal, valid, and binding obligation of the Shareholder, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting enforcement of creditors rights generally. The Shareholder further agrees that, during the term of this Agreement, the Shareholder will not, without the prior written consent of Rurban, which consent shall not be unreasonably withheld, sell, pledge, or otherwise voluntarily dispose of any of the Shares which are owned by the Shareholder or take any other voluntary action which would have the effect of removing the Shareholder s power to vote the Shares or which would be inconsistent with this Agreement.

5. ***Specific Performance***. The undersigned hereby acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the Shareholder shall be specifically enforceable and that Rurban shall be entitled to injunctive or other equitable relief upon such a breach by the Shareholder. The Shareholder further agrees to waive any bond in connection with obtaining any such injunctive or equitable relief. This provision is without prejudice to any other rights that Rurban may have against the Shareholder for any failure to perform his obligations under this Agreement.

6. ***Governing Law***. This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without regard to any of its conflict of laws principles.

7. ***Capitalized Terms***. Capitalized terms used herein without definition shall have the meanings attributed to such terms in the Merger Agreement.

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed this Agreement as of the day and year first above written.

SHAREHOLDER

Print Name:

RURBAN FINANCIAL CORP.

By:

Title:

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EXHIBIT C

Statement that Stock of Domestic Corporation Is Not a U.S. Real Property Interest

To: Rurban Financial Corp.

Pursuant to your request, please be advised that an ownership interest in Exchange Bancshares, Inc. is not a U.S. real property interest for purposes of Treasury Department regulation sections 1.897-2(b)(1) and (h).

The undersigned responsible officer of Exchange Bancshares, Inc. hereby certifies under penalties of perjury that this Statement is correct to his knowledge and belief and he has authority to sign this Statement on behalf of the Corporation.

Dated: , 2005

EXCHANGE BANCSHARES, INC.

By:

Print Name:

Title:

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ANNEX B

September , 2005

Board of Directors

Exchange Bancshares, Inc.

237 Main Street

Luckey, Ohio 43443

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, of the consideration to be received by the common shareholders of Exchange Bancshares, Inc. (the Company) pursuant to the Agreement and Plan of Merger dated April 13, 2005 (the Agreement) by and between the Company and Rurban Financial Corporation (Buyer). At the Effective Time, as defined in the Agreement, the Company will be merged with and into Buyer (the Merger) and each share of the Company s common stock, par value $5.00 per share (the Company Common Stock), held by the Company s shareholders shall be converted into the right to receive a cash amount equal to $22.00 per share or 1.555 shares of Buyer s common stock without par value (the Buyer Common Stock) subject to certain adjustments as provided in the Agreement. The Agreement provides that the total consideration shall be comprised of cash totaling approximately $6.5 million and proration of Company shareholder requests for cash or stock will occur to assure that the cash consideration equals that amount. Additionally, the Agreement provides that Company shareholders who own 100 or fewer shares will be required to take cash in exchange for their shares. The complete terms of the proposed transaction are described in the Agreement, and this summary is qualified in its entirety by reference thereto.

Capital Market Securities, Inc. as part of its business is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions and valuations for corporate and other purposes. We are familiar with the market for equity securities of publicly traded financial institutions. We are acting as financial advisor to the Company in connection with the Merger and will receive a fee for our services, a significant portion of which is payable upon the consummation of the Merger and a portion of which is payable in connection with this opinion

In arriving at our opinion, we have, among other things:

(i) reviewed the Agreement dated April 13, 2005;

(ii) reviewed certain historical financial and other information concerning the Company for the five fiscal years ended December 31, 2004 and unaudited financial information for the quarter ended June 30, 2005;

(iii) reviewed certain historical financial and other information concerning Buyer for the five fiscal years ended December 31, 2004 and for the quarter ended June 30, 2005;

(iv) held discussions with the senior management of the Company and Buyer with respect to their past and current financial performance, financial condition and future prospects;

(v) reviewed certain internal financial data, projections and other information of the Company and Buyer including financial projections prepared by Buyer s management;

(vi) analyzed certain publicly available information of other financial institutions that we deemed comparable or otherwise relevant to our inquiry, and compared the Company and Buyer from a financial point of view with certain of these institutions;

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(vii) compared the consideration to be received by the stockholders of the Company pursuant to the Agreement with the consideration received by stockholders in other acquisitions of financial institutions that we deemed comparable or otherwise relevant to our inquiry;

(viii) reviewed historical trading activity and ownership data of Buyer Common Stock and considered the prospects for dividends and price movement;

(ix) reviewed historical trading activity and ownership data of the Company Common Stock and considered the prospects for dividends and market pricing; and

(x) conducted such other financial studies, analyses and investigations and reviewed such other information as we deemed appropriate to enable us to render our opinion. In our review, we have also taken into account an assessment of general economic, market and financial conditions and certain industry trends and related matters.

In our review and analysis and in arriving at our opinion we have assumed and relied upon the accuracy and completeness of all the financial information publicly available or provided to us by the Company and Buyer and have not attempted to verify any of such information. We have assumed (i) that the forecasts we received from Buyer with respect to the results of operations likely to be achieved have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Buyer s management as to future financial performance and results and (ii) that such forecasts and estimates will be realized in the amounts and in the time periods currently estimated by management. We have further relied on the assurances of management of Buyer and the Company that they are not aware of any facts that would make such information inaccurate or misleading. We have also assumed, without independent verification, that the aggregate reserves for possible loan losses for the Company and Buyer are adequate to cover such losses. We did not make or obtain any independent evaluations or appraisals of any assets or liabilities of the Company, Buyer or any of their respective subsidiaries nor did we verify any of the Company s or Buyer s books or records or review any individual loan credit files. Our opinion does not address the relative merits of the Merger as compared to other business strategies or transactions that might be available to the Company or the Company s underlying business decision to effect the Merger. We express no opinion as to what the value of Buyer Common Stock actually will be when issued pursuant to the Merger or the price at which Buyer Common Stock will trade at any time.

Our opinion is necessarily based upon market, economic, monetary and other conditions as they exist and can be evaluated as of the date of this letter. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise or reaffirm this opinion. In rendering our opinion, we have assumed that in the course of obtaining the necessary approvals for the Merger, no restrictions or conditions will be imposed that would have a material adverse effect on the contemplated benefits of the merger to Buyer or the ability to consummate the Merger and that the Merger will be consummated in accordance with the terms of the Agreement without waiver, modification or amendment of any material term or condition. This opinion is being furnished for the use and benefit of the Board of Directors of the Company and is not a recommendation to any shareholder as to how such shareholder should vote with respect to the Merger. Capital Market Securities, Inc. has advised the Board that it does not believe any person other than the Board has the legal right to rely on the opinion and, absent any controlling precedent, would resist any assertion otherwise. In addition, you have not asked us to address, and this opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or constituencies of the Company, other than the holders of the Company Common Stock. This opinion may be included in its entirety in the proxy statement of the Company used to solicit shareholder approval of the Merger, provided that this opinion is reproduced in full and any description of or reference to us or summary of this opinion and the related analysis in such filing is in a form reasonably acceptable to us and our counsel, but may not be otherwise

disclosed publicly in any manner without our prior written approval. We express no opinion on matters of a legal, regulatory, tax or accounting

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nature or the ability of the Merger, as set forth in the Agreement, to be consummated. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. In furnishing this opinion, we do not admit that we are experts within the meaning of that term under the Securities Act of 1933, as amended, and the rules and regulations promulgated there under, nor do we admit that this opinion constitutes a report or valuation within the meaning of Section 11 of such Act.

Based upon and subject to the foregoing, it is our opinion that as of the date hereof the consideration to be received by holders of the Company Common Stock pursuant to the Agreement is fair to such holders from a financial point of view.

Very truly yours,

Capital Market Securities, Inc.

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ANNEX C

Rights of Dissenting Shareholders

Ohio General Corporation Law Section 1701.85

Section 1701.85 Dissenting shareholder s demand for fair cash value of shares.

(A)(1) A shareholder of a domestic corporation is entitled to relief as a dissenting shareholder in respect of the proposals described in sections 1701.74, 1701.76, and 1701.84 of the Revised Code, only in compliance with this section.

(2) If the proposal must be submitted to the shareholders of the corporation involved, the dissenting shareholder shall be a record holder of the shares of the corporation as to which he seeks relief as of the date fixed for the determination of shareholders entitled to notice of a meeting of the shareholders at which the proposal is to be submitted, and such shares shall not have been voted in favor of the proposal. Not later than ten days after the date on which the vote on the proposal was taken at the meeting of the shareholders, the dissenting shareholder shall deliver to the corporation a written demand for payment to him of the fair cash value of the shares as to which he seeks relief, which demand shall state his address, the number and class of such shares, and the amount claimed by him as the fair cash value of the shares.

(3) The dissenting shareholder entitled to relief under division (C) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.80 of the Revised Code and a dissenting shareholder entitled to relief under division (E) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.801 of the Revised Code shall be a record holder of the shares of the corporation as to which he seeks relief as of the date on which the agreement of merger was adopted by the directors of that corporation. Within twenty days after he has been sent the notice provided in section 1701.80 or 1701.801 of the Revised Code, the dissenting shareholder shall deliver to the corporation a written demand for payment with the same information as that provided for in division (A)(2) of this section.

(4) In the case of a merger or consolidation, a demand served on the constituent corporation involved constitutes service on the surviving or the new entity, whether the demand is served before, on, or after the effective date of the merger or consolidation.

(5) If the corporation sends to the dissenting shareholder, at the address specified in his demand, a request for the certificates representing the shares as to which he seeks relief, the dissenting shareholder, within fifteen days from the date of the sending of such request, shall deliver to the corporation the certificates requested so that the corporation may forthwith endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. The corporation promptly shall return such endorsed certificates to the dissenting shareholder. A dissenting shareholder s failure to deliver such certificates terminates his rights as a dissenting shareholder, at the option of the corporation, exercised by written notice sent to the dissenting shareholder within twenty days after the lapse of the fifteen-day period, unless a court for good cause shown otherwise directs. If shares represented by a certificate on which such a legend has been endorsed are transferred, each new certificate issued for them shall bear a similar legend, together with the name of the original dissenting holder of such shares. Upon receiving a demand for payment from a dissenting shareholder who is the record holder of uncertificated securities, the corporation shall make an appropriate notation of the demand for payment in its shareholder records. If uncertificated shares for which payment has been demanded are to be transferred, any new certificate issued for the shares shall bear the legend required for certificated securities as provided in this paragraph. A transferee of the shares so endorsed, or of uncertificated securities where such notation has been made, acquires only such rights in the corporation as the original dissenting holder of such shares had immediately after the service of a demand for payment of the fair cash value of the shares. A request under this paragraph by the corporation is not an admission by the corporation that the shareholder is entitled to relief under this section.

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(B) Unless the corporation and the dissenting shareholder have come to an agreement on the fair cash value per share of the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder or the corporation, which in case of a merger or consolidation may be the surviving or new entity, within three months after the service of the demand by the dissenting shareholder, may file a complaint in the court of common pleas of the county in which the principal office of the corporation that issued the shares is located or was located when the proposal was adopted by the shareholders of the corporation, or, if the proposal was not required to be submitted to the shareholders, was approved by the directors. Other dissenting shareholders, within that three-month period, may join as plaintiffs or may be joined as defendants in any such proceeding, and any two or more such proceedings may be consolidated. The complaint shall contain a brief statement of the facts, including the vote and the facts entitling the dissenting shareholder to the relief demanded. No answer to such a complaint is required. Upon the filing of such a complaint, the court, on motion of the petitioner, shall enter an order fixing a date for a hearing on the complaint and requiring that a copy of the complaint and a notice of the filing and of the date for hearing be given to the respondent or defendant in the manner in which summons is required to be served or substituted service is required to be made in other cases. On the day fixed for the hearing on the complaint or any adjournment of it, the court shall determine from the complaint and from such evidence as is submitted by either party whether the dissenting shareholder is entitled to be paid the fair cash value of any shares and, if so, the number and class of such shares. If the court finds that the dissenting shareholder is so entitled, the court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the amount of the fair cash value. The appraisers have such power and authority as is specified in the order of their appointment. The court thereupon shall make a finding as to the fair cash value of a share and shall render judgment against the corporation for the payment of it, with interest at such rate and from such date as the court considers equitable. The costs of the proceeding, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable. The proceeding is a special proceeding and final orders in it may be vacated, modified, or reversed on appeal pursuant to the Rules of Appellate Procedure and, to the extent not in conflict with those rules, Chapter 2505. of the Revised Code. If, during the pendency of any proceeding instituted under this section, a suit or proceeding is or has been instituted to enjoin or otherwise to prevent the carrying out of the action as to which the shareholder has dissented, the proceeding instituted under this section shall be stayed until the final determination of the other suit or proceeding. Unless any provision in division (D) of this section is applicable, the fair cash value of the shares that is agreed upon by the parties or fixed under this section shall be paid within thirty days after the date of final determination of such value under this division, the effective date of the amendment to the articles, or the consummation of the other action involved, whichever occurs last. Upon the occurrence of the last such event, payment shall be made immediately to a holder of uncertificated securities entitled to such payment. In the case of holders of shares represented by certificates, payment shall be made only upon and simultaneously with the surrender to the corporation of the certificates representing the shares for which the payment is made.

(C) If the proposal was required to be submitted to the shareholders of the corporation, fair cash value as to those shareholders shall be determined as of the day prior to the day on which the vote by the shareholders was taken and, in the case of a merger pursuant to section 1701.80 or 1701.801 of the Revised Code, fair cash value as to shareholders of a constituent subsidiary corporation shall be determined as of the day before the adoption of the agreement of merger by the directors of the particular subsidiary corporation. The fair cash value of a share for the purposes of this section is the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer who is under no compulsion to purchase would be willing to pay, but in no event shall the fair cash value of a share exceed the amount specified in the demand of the particular shareholder. In computing such fair cash value, any appreciation or depreciation in market value resulting from the proposal submitted to the directors or to the shareholders shall be excluded.

(D)(1) The right and obligation of a dissenting shareholder to receive such fair cash value and to sell such shares as to which he seeks relief, and the right and obligation of the corporation to purchase such shares and to pay the fair cash value of them terminates if any of the following applies:

(a) The dissenting shareholder has not complied with this section, unless the corporation by its directors waives such failure;

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(b) The corporation abandons the action involved or is finally enjoined or prevented from carrying it out, or the shareholders rescind their adoption of the action involved;

(c) The dissenting shareholder withdraws his demand, with the consent of the corporation by its directors;

(d) The corporation and the dissenting shareholder have not come to an agreement as to the fair cash value per share, and neither the shareholder nor the corporation has filed or joined in a complaint under division (B) of this section within the period provided in that division.

(2) For purposes of division (D)(1) of this section, if the merger or consolidation has become effective and the surviving or new entity is not a corporation, action required to be taken by the directors of the corporation shall be taken by the general partners of a surviving or new partnership or the comparable representatives of any other surviving or new entity.

(E) From the time of the dissenting shareholder s giving of the demand until either the termination of the rights and obligations arising from it or the purchase of the shares by the corporation, all other rights accruing from such shares, including voting and dividend or distribution rights, are suspended. If during the suspension, any dividend or distribution is paid in money upon shares of such class or any dividend, distribution, or interest is paid in money upon any securities issued in extinguishment of or in substitution for such shares, an amount equal to the dividend, distribution, or interest which, except for the suspension, would have been payable upon such shares or securities, shall be paid to the holder of record as a credit upon the fair cash value of the shares. If the right to receive fair cash value is terminated other than by the purchase of the shares by the corporation, all rights of the holder shall be restored and all distributions which, except for the suspension, would have been made shall be made to the holder of record of the shares at the time of termination.

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ANNEX D

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

For the fiscal year ended December 31, 2004

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-13507

RURBAN FINANCIAL CORP.

(Exact name of Registrant as specified in its charter)

Ohio	**34-1395608**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
401 Clinton Street, Defiance, Ohio	**43512**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (419) 783-8950

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

Common Stock, Without Par Value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the common shares of the Registrant held by non-affiliates computed by reference to the price at which the common shares were last sold as of the last business day of the Registrant s most recently completed second fiscal quarter was $52,220,796.

The number of common shares of the Registrant outstanding at March 21, 2005 was 4,568,488.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive Proxy Statement for its Annual Meeting of Shareholders to be held on April 21, 2005 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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RURBAN FINANCIAL CORP.

2004 ANNUAL REPORT ON FORM 10-K

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PART I

Item 1. Business.

General

Rurban Financial Corp., an Ohio corporation (the Company), is a bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve Board). The executive offices of the Company are located at 401 Clinton Street, Defiance, Ohio 43512.

Through its direct and indirect subsidiaries, The State Bank and Trust Company (State Bank), RFCBC, Inc. (RFCBC), Rurbanc Data Services, Inc. (RDSI), Reliance Financial Services, N.A. (RFS), Rurban Mortgage Company (RMC), and Rurban Statutory Trust 1 (RST), the Company engaged in a variety of activities, including commercial banking, data processing, and trust and financial services, as explained in more detail below.

General Description of Holding Company Group

State Bank

State Bank is an Ohio state-chartered bank. State Bank presently operates six branch offices in Defiance County, Ohio (five in the city of Defiance and one in Ney), two branch offices in adjacent Paulding County, Ohio (one each in Paulding and Oakwood) and three branch offices in Fulton County, Ohio (one each in Delta, Lyons and Wauseon). At December 31, 2004, State Bank had 129.65 full-time equivalent employees.

State Bank offers a full range of commercial banking services, including checking accounts, passbook savings, money market accounts and time certificates of deposit; automatic teller machines; commercial, consumer, agricultural and residential mortgage loans (including Home Value Equity line of credit loans); personal and corporate trust services; commercial leasing; bank credit card services; safe deposit box rentals; Internet and telephone banking and other personalized banking services.

RFS

RFS is a nationally-chartered trust and financial services company and a wholly-owned subsidiary of State Bank. RFS offers various trust and financial services, including asset management services for individuals and corporate employee benefit plans, as well as brokerage services through Raymond James Financial, Inc.

RFS has one office located in State Bank s main office in Defiance, Ohio. At December 31, 2004, RFS had 17 full-time equivalent employees.

RMC

RMC is an Ohio corporation and wholly-owned subsidiary of State Bank. RMC is a mortgage company; however, it ceased originating mortgage loans in the second quarter of 2000 and it is inactive.

At December 31, 2004, RMC had no employees.

RFCBC

RFCBC is an Ohio corporation and wholly owned subsidiary of the Company that was incorporated in August 2004. RFCBC operates as a loan subsidiary in servicing and working out problem loans. At December 31, 2004, RFCBC had 3 full-time equivalent employees.

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RDSI

RDSI has been in operation since 1964 and became an Ohio state-chartered company in June 1976. RDSI has six operating locations: three in Defiance, Ohio, one each in Grove City (Columbus), Ohio, Fremont, Ohio and Holland, Michigan. At December 31, 2004, RDSI had 65 full-time equivalent employees.

RDSI delivers software systems to the banking industry which provide a broad range of data processing services in an outsourced environment utilizing Information Technology Inc. (ITI) software.

RST

RST is a trust and wholly owned subsidiary of the Company that was organized in August 2000. In September 2000, RST closed a pooled private offering of 10,000 Capital Securities with a liquidation amount of $1,000 per security. The proceeds of the offering were loaned to the Company in exchange for junior subordinated debentures with terms similar to the Capital Securities. The sole assets of RST are the junior subordinated debentures and the back-up obligations, in the aggregate, constitute a full and unconditional guarantee by the Company of the obligations of RST under the Capital Securities.

See Note 26 of the Financials, pages F-39 and F-40, for the Company s segment information.

Subsequent Events

On March 15, 2005, State Bank, a wholly owned subsidiary of Rurban Financial Corp., entered into a Branch Purchase and Assumption Agreement (the Purchase Agreement) with Liberty Savings Bank, FSB (Liberty Savings), a subsidiary of Liberty Capital, Inc. The Purchase Agreement provides for the sale to State Bank of two of Liberty Savings bank branches and one non-banking facility located in Lima, Ohio. The transaction includes the acquisition of approximately $61.9 million in deposits and $5.4 million in loans.

Competition

State Bank experiences significant competition in attracting depositors and borrowers. Competition in lending activities comes principally from other commercial banks in the lending areas of State Bank, and, to a lesser extent, from savings associations, insurance companies, governmental agencies, credit unions, securities brokerage firms and pension funds. The primary factors in competing for loans are interest rates charged and overall banking services.

State Bank s competition for deposits comes from other commercial banks, savings associations, money market funds and credit unions as well as from insurance companies and securities brokerage firms. The primary factors in competing for deposits are interest rates paid on deposits,

account liquidity and convenience of office location.

RDSI also operates in a highly competitive field. RDSI competes primarily on the basis of the value and quality of its data processing services and service and convenience to its customers.

RFS operates in the highly competitive trust services field and its competition is primarily other Ohio bank trust departments.

Supervision and Regulation

The following is a summary of certain statutes and regulations affecting the Company and its subsidiaries. The summary is qualified in its entirety by reference to such statutes and regulations.

Regulation of Bank Holding Companies and Their Subsidiaries in General

The Company is a bank holding company under the Bank Holding Company Act of 1956, as amended, which restricts the activities of the Company and the acquisition by the Company of voting shares or assets of any bank,

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savings association or other company. The Company is also subject to the reporting requirements of, and examination and regulation by, the Federal Reserve Board. Bank holding companies are prohibited from acquiring direct or indirect control of more than 5% of any class of voting stock or substantially all of the assets of any bank holding company without the prior approval of the Federal Reserve Board. A bank holding company and its subsidiaries are prohibited from engaging in certain tying arrangements in connection with extensions of credit and/or the provision of other property or services to a customer by the bank holding company or its subsidiaries.

RFS, as a nationally-chartered trust company, is regulated by the Office of the Comptroller of the Currency (the OCC). As an Ohio state-chartered bank, State Bank is supervised and regulated by the Ohio Division of Financial Institutions. State Bank is a member of the Federal Reserve System so its primary federal regulator is the Federal Reserve Board. The deposits of State Bank are insured by the FDIC and are subject to the applicable provisions of the Federal Deposit Insurance Act. A subsidiary of a bank holding company can be liable to reimburse the FDIC, if the FDIC incurs or anticipates a loss because of a default of another FDIC-insured subsidiary of the bank holding company or in connection with FDIC assistance provided to such subsidiary in danger of default. In addition, the holding company of any insured financial institution that submits a capital plan under the federal banking agencies regulations on prompt corrective action guarantees a portion of the insured financial institution s capital shortfall, as discussed below.

Various requirements and restrictions under the laws of the United States and the State of Ohio affect the operations of State Bank, including requirements to maintain reserves against deposits, restrictions on the nature and amount of loans which may be made and the interest that may be charged thereon, restrictions relating to investments and other activities, limitations on credit exposure to correspondent banks, limitations on activities based on capital and surplus, limitations on payment of dividends, and limitations on branching.

The Federal Home Loan Banks (FHLBs) provide credit to their members in the form of advances. As a member of the FHLB of Cincinnati, State Bank must maintain an investment in the capital stock of the FHLB of Cincinnati in an amount equal to the greater of 1% of the aggregate outstanding principal amount of State Bank s residential mortgage loans, home purchase contracts and similar obligations at the beginning of each year, or 5% of its advances from the FHLB of Cincinnati. State Bank was in compliance with this requirement at December 31, 2004.

Upon the origination or renewal of a loan or advance, each FHLB is required by law to obtain and maintain a security interest in collateral in one or more of the following categories: fully-disbursed, whole first mortgage loans on improved residential property not more than 90 days delinquent or securities representing a whole interest in such loans; securities issued, insured or guaranteed by the United States Government or an agency thereof; deposits in any FHLB; or other real estate related collateral acceptable to the applicable FHLB, if such collateral has a readily ascertainable value and the FHLB can perfect its security interest in the collateral.

Each FHLB is required to establish standards of community investment or service that its members must maintain for continued access to long-term advances from the FHLB. The standards take into account a member s performance under the Community Reinvestment Act and its record of lending to first-time home buyers. All long-term advances by each FHLB must be made only to provide funds for residential housing finance.

Written Agreement

On July 5, 2002, the Company and State Bank entered into a Written Agreement (Agreement) with the Federal Reserve Bank of Cleveland and the Ohio Division of Financial Institutions. The Agreement was the result of an examination of State Bank as of December 31, 2001, which was conducted in March and April 2002. A copy of the Agreement was attached as Exhibit 99(b) to the Form 8-K filed by the Company on July 11, 2002 and is incorporated by reference as Exhibit 99(b) to this Form 10-K.

On February 18, 2005, the Company received notice from the Federal Reserve Bank and the Ohio Department of Financial Institutions that approval was given effective as of February 17, 2005 for release of the Written Agreement.

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Dividends

The ability of the Company to obtain funds for the payment of dividends and for other cash requirements is largely dependent on the amount of dividends that may be declared by its subsidiaries. State Bank may not pay dividends to the Company if, after paying such dividends, it would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. State Bank must have the approval of the Federal Reserve Board and the Ohio Division of Financial Institutions if a dividend in any year would cause the total dividends for that year to exceed the sum of the current year s net profits and the retained net profits for the preceding two years, less required transfers to surplus. Payment of dividends by State Bank may be restricted at any time at the discretion of the regulatory authorities, if they deem such dividends to constitute an unsafe and/or unsound banking practice. These provisions could have the effect of limiting the Company s ability to pay dividends on its outstanding common shares. Moreover, the Federal Reserve Board expects the Company to serve as a source of strength to its subsidiary bank, which may require it to retain capital for further investment in the subsidiary, rather than for dividends to shareholders of the Company.

Transactions with Affiliates, Directors, Executive Officers and Shareholders

Sections 23A and 23B of the Federal Reserve Act and Regulation W restrict transactions by banks and their subsidiaries with their affiliates. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank.

Generally, Regulation W:

- limits the extent to which a bank or its subsidiaries may engage in covered transactions with any one affiliate to an amount equal to 10% of that bank s capital stock and surplus (i.e., tangible capital);
- limits the extent to which a bank or its subsidiaries may engage in covered transactions with all affiliates to 20% of that bank s capital stock and surplus; and
- requires that all covered transactions be on terms substantially the same, or at least as favorable to the bank or subsidiary, as those provided to non-affiliates.

The term covered transaction includes the making of loans, purchase of assets, issuance of a guarantee and similar types of transactions.

A bank s authority to extend credit to executive officers, directors and greater than 10% shareholders, as well as entities such persons control, is subject to Sections 22(g) and 22(h) of the Federal Reserve Act and Regulation O promulgated thereunder by the Federal Reserve Board. Among other things, these loans must be made on terms substantially the same as those offered to unaffiliated individuals or be made under a benefit or compensation program and on terms widely available to employees and must not involve a greater than normal risk of repayment. In addition, the amount of loans a bank may make to these persons is based, in part, on the bank s capital position, and specified approval procedures must be followed in making loans which exceed specified amounts.

Regulatory Capital

The Federal Reserve Board has adopted risk-based capital guidelines for bank holding companies and for state member banks, such as State Bank. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk weighted assets by assigning assets and off-balance-sheet items to broad risk categories. The minimum ratio of total capital to risk weighted assets (including certain off-balance-sheet items, such as standby letters of credit) is 8%. Of that 8%, 4% is to be comprised of common stockholders equity (including retained earnings but excluding treasury stock), noncumulative perpetual preferred stock, a limited amount of cumulative perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, less goodwill and certain other intangible assets (Tier 1 capital). The remainder (Tier 2 capital)

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may consist, among other things, of certain amounts of mandatory convertible debt securities, subordinated debt, preferred stock not qualifying as Tier 1 capital, an allowance for loan and lease losses and net unrealized, after applicable taxes, on available-for-sale equity securities with readily determinable fair values, all subject to limitations established by the guidelines. The Federal Reserve Board also imposes a minimum leverage ratio (Tier 1 capital to total assets) of 3% for bank holding companies and state member banks that meet certain specified conditions, including no operational, financial or supervisory deficiencies, and including having the highest regulatory rating. The minimum leverage ratio is 1%-2% higher for other bank holding companies and state member banks based on their particular circumstances and risk profiles and those experiencing or anticipating significant growth. Failure to meet applicable capital guidelines could subject a banking institution to a variety of enforcement remedies available to federal and state regulatory authorities, including the termination of deposit insurance by the FDIC.

The federal banking regulators have established regulations governing prompt corrective action to resolve capital deficient banks. The regulations establish five capital level categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Under these regulations, institutions which become undercapitalized become subject to mandatory regulatory scrutiny and limitations, which increase as capital decreases. Such institutions are also required to file capital plans with their primary federal regulator, and their holding companies must guarantee the capital shortfall up to 5% of the assets of the capital deficient institution at the time it becomes undercapitalized.

The Company and State Bank at year end 2004 were categorized as well capitalized.

Deposit Insurance Assessments

The FDIC is authorized to establish separate annual assessment rates for deposit insurance for members of the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). State Bank is a member of BIF. The FDIC may increase assessment rates for either fund if necessary to restore the fund s ratio of reserves to insured deposits to its target level within a reasonable time and may decrease such rates if such target level has been met. The FDIC has established a risk-based assessment system for both BIF and SAIF members. Under this system, assessments vary based on the risk the institution poses to its deposit insurance fund. The risk level is determined based on the institution s capital level and the FDIC s level of supervisory concern about the institution.

Monetary Policy and Economic Conditions

The commercial banking business is affected not only by general economic conditions, but also by the policies of various governmental regulatory authorities, including the Federal Reserve Board. The Federal Reserve Board regulates money and credit conditions and interest rates in order to influence general economic conditions primarily through open market operations in U.S. Government securities, changes in the discount rate on bank borrowings and changes in reserve requirements against bank deposits. These policies and regulations significantly affect the overall growth and distribution of bank loans, investments and deposits, and the interest rates charged on loans as well as the interest rates paid on deposits and accounts.

Holding Company Activities

In November 1999, the Gramm-Leach-Bliley Act was enacted, permitting bank holding companies to become financial holding companies and thereby affiliate with securities firms and insurance companies and engage in other activities that are financial in nature. A bank holding

company may become a financial holding company if each of its subsidiary banks is well capitalized under the Federal Deposit Insurance Corporation Act of 1991 prompt corrective action provisions, is well managed, and has at least a satisfactory rating under the Community Reinvestment Act by filing a declaration that the bank holding company wishes to become a financial holding company. No regulatory approval is required for a financial holding company to acquire a company, other than a bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board.

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The Gramm-Leach-Bliley Act defines financial in nature to include: (i) securities underwriting, dealing and market making; (ii) sponsoring mutual funds and investment companies; (iii) insurance underwriting and agency; (iv) merchant banking activities; and (v) activities that the Federal Reserve Board has determined to be closely related to banking.

As of the date of this Form 10-K, the Company has opted not to become a financial holding company. The Company intends to continue to analyze the proposed advantages and disadvantages of becoming a financial holding company on a periodic basis.

Sarbanes-Oxley Act of 2002 and Related Rules Affecting Corporate Governance

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). The stated goals of the Sarbanes-Oxley Act are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws. The changes are intended to allow shareholders to monitor the performance of companies and directors more easily and efficiently.

The Sarbanes-Oxley Act generally applies to all companies, both U.S. and non-U.S., that file or are required to file periodic reports with the Securities and Exchange Commission (SEC) under the Exchange Act. Further, the Sarbanes-Oxley Act includes very specific additional disclosure requirements and new corporate governance rules, requires the SEC, securities exchanges and The NASDAQ Stock Market to adopt extensive additional disclosure, corporate governance and other related rules.

The Sarbanes-Oxley Act addresses, among other matters: increased responsibilities of audit committees; corporate responsibility for financial reports; a requirement that chief executive and chief financial officers forfeit certain bonuses and profits if their companies issue an accounting restatement as a result of misconduct; a prohibition on insider trading during pension fund black-out periods; disclosure of off-balance sheet transactions; conditions for the use of pro forma financial information; a prohibition on personal loans to directors and executive officers (excluding loans by insured depository institutions that are subject to the insider lending restrictions of the Federal Reserve Act); expedited filing requirements for stock transaction reports by officers and directors; the formation of the Public Company Accounting Oversight Board; auditor independence; and various increased criminal penalties for violations of securities laws.

As mandated by the Sarbanes-Oxley Act, the SEC has adopted rules and regulations governing, among other issues, corporate governance, auditing and accounting and executive compensation, and enhanced the timely disclosure of corporate information. The SEC has also approved corporate governance rules promulgated by The Nasdaq Stock Market, Inc. (Nasdaq). The Board of Directors of the Company has taken a series of actions to comply with the new Nasdaq and SEC rules and to further strengthen its corporate governance practices. The Company implemented a Code of Conduct and Ethics in 2003 and a copy of that policy can be found on the Company s website at *www.rurbanfinancial.net* under the corporate governance tab.

Statistical Financial Information Regarding the Company

The following schedules and tables analyze certain elements of the consolidated balance sheets and statements of income of the Company and its subsidiaries, as required under Exchange Act Industry Guide 3 promulgated by the SEC, and should be read in conjunction with the narrative analysis presented in *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations* and the Consolidated

Financial Statements of the Company and its subsidiaries included at pages F-1 through F-41 of this Annual Report on Form 10-K.

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I. DISTRIBUTION OF ASSETS, LIABILITIES AND SHAREHOLDERS EQUITY; INTEREST RATES AND INTEREST DIFFERENTIAL

The following are the condensed average balance sheets for the years ending December 31 and the interest earned or paid on such amounts and the average interest rate thereon:

	2004			2003			2002		
	Average Balance	Interest	Avg Rate	Average Balance	Interest	Avg Rate	Average Balance	Interest	Avg Rate
	(dollars in thousands)								
Assets:									
Securities									
Taxable	$ 100,517	$ 3,586	3.57%	$ 94,771	$ 2,821	2.98%	$ 98,383	$ 4,781	4.86%
Non-taxable(1)	4,426	249	5.63%	4,696	261	5.55%	6,276	333	5.31%
Federal funds sold	4,557	61	1.34%	26,130	386	1.48%	15,146	295	1.95%
Loans, net(2)	271,503	16,217	5.97%	385,153	24,395	6.33%	627,685	43,295	6.90%
Total earning assets	381,003	20,113	5.28%	510,750	27,863	5.46%	747,490	48,704	6.52%
Cash and due from banks	12,179			23,580			26,124		
Allowance for loan losses	(7,123)			(13,755)			(15,801)		
Premises and equipment	12,168			14,089			13,658		
Other assets	19,574			14,707			19,620		
Total assets	$ 417,801			$ 549,371			$ 791,091		
Liabilities:									
Deposits									
Savings and interest-bearing	$ 94,051	$ 350	0.37%	$ 124,828	$ 781	0.63%	$ 185,357	$ 2,578	1.39%
Time deposits	162,865	4,205	2.58%	267,227	9,244	3.46%	409,363	17,723	4.33%
Short-term borrowings	4,613	53	1.15%				17,541	305	1.74%
Advances from FHLB	48,814	1,877	3.85%	40,809	2,276	5.58%	53,595	2,923	5.45%
Trust preferred securities	10,248	1,119	10.92%	10,000	1,075	10.75%	10,000	1,075	10.75%
Other borrowed funds	5,039	347	6.89%	10,314	596	5.78%	5,400	209	3.87%
Total interest-bearing liabilities	325,630	7,951	2.44%	453,178	13,972	3.08%	681,256	24,813	3.64%
Demand deposits	38,134			43,729			51,888		
Other liabilities	4,758			7,865			13,273		
Total liabilities	368,522			504,772			746,417		
Shareholder s equity	49,279			44,599			44,674		
Total liabilities and shareholders equity	$ 417,801			$ 549,371			$ 791,091		
Net interest income (tax equivalent basis)		$ 12,162			$ 13,891			$ 23,891	
Net interest income as a percent of average interest-earning assets			3.19%			2.72%			3.20%

(1) Interest is computed on a tax equivalent basis using a 34% statutory tax rate. The tax equivalent adjustment was $84, $89 and $110 in 2004, 2003 and 2002, respectively.
(2) Nonaccruing loans and loans held for sale are included in the average balances.

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The following tables set forth the effect of volume and rate changes on interest income and expense for the periods indicated. For purposes of these tables, changes in interest due to volume and rate were determined as follows:

Volume Variance change in volume multiplied by the previous year s rate.

Rate Variance change in rate multiplied by the previous year s volume.

Rate/Volume Variance change in volume multiplied by the change in rate. This variance was allocated to volume variance and rate variance in proportion to the relationship of the absolute dollar amount of the change in each.

Interest on non-taxable securities has been adjusted to a fully tax equivalent basis using a statutory tax rate of 34% in 2004, 2003 and 2002.

	Total Variance 2004/2003	Variance Attributable To	
		Volume	Rate
	(dollars in thousands)		
Interest income			
Securities			
Taxable	$ 765	$ 179	$ 586
Non-taxable	(12)	(15)	3
Federal funds sold	(325)	(290)	(35)
Loans, net of unearned income and deferred loan fees	(8,178)	(6,855)	(1,323)
	(7,750)	(6,981)	(769)
Interest expense			
Deposits			
Savings and interest-bearing demand deposits	(431)	(163)	(268)
Time deposits	(5,039)	(3,055)	(1,984)
Short-term borrowings	53	53	0
Advances from FHLB	(399)	393	(792)
Trust preferred securities	44	27	17
Other borrowed funds	(249)	(348)	99
	(6,021)	(3,093)	(2,928)
Net interest income	$ (1,729)	$ (3,888)	$ 2,159

	Total Variance	Variance Attributable To

	2003/2002	Volume	Rate
		(dollars in thousands)	
Interest income			
Securities			
Taxable	$ (1,960)	$ (170)	$ (1,790)
Non-taxable	(72)	(87)	15
Federal funds sold	91	175	(84)
Loans, net of unearned income and deferred loan fees	(18,900)	(15,600)	(3,300)
	(20,841)	(15,682)	(5,159)
Interest expense			
Deposits			
Savings and interest-bearing demand deposits	(1,797)	(669)	(1,128)
Time deposits	(8,479)	(5,370)	(3,109)
Short-term borrowings	(305)	(305)	0
Advances from FHLB	(647)	(712)	65
Trust preferred securities	0	6	(6)
Other borrowed funds	387	251	136
	(10,841)	(6,799)	(4,042)
Net interest income	$ (10,000)	$ (8,883)	$ (1,117)

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II. INVESTMENT PORTFOLIO

A. The book value of securities available for sale as of December 31 in each of the following years are summarized as follows:

	2004	2003	2002
	(dollars in thousands)		
U.S. Treasury and government agencies	$ 64,483	$ 43,868	$ 54,771
State and political subdivisions	4,692	4,203	4,309
Mortgage-backed securities	40,704	59,238	54,875
Other securities	50	50	50
Marketable equity securities	9	35	96
Total	$ 109,937	$ 107,394	$ 114,101

B. The maturity distribution and weighted average yield of securities available for sale at December 31, 2004 are as follows:

	Maturing			
	Within One Year	After One Year But Within Five Years	After Five Years But Within Ten Years	After Ten Years
U.S. Treasury and Government agencies	$ 14,633	$ 4,976	$ 42,874	$ 2,000
Obligations of states and political subdivisions	407	1,780	1,837	668
Mortgage-backed securities	10,050	21,373	6,758	2,523
Other securities		50		
Marketable equity securities	8			
	$ 25,098	$ 28,179	$ 51,469	$ 5,191
Weighted average yield(1)	3.76%	3.56%	4.79%	4.88%

(1) Yields are not presented on a tax-equivalent basis.

The weighted average interest rates are based on coupon rates for securities purchased at par value and on effective interest rates considering amortization or accretion if the securities were purchased at a premium or discount.

C. Excluding those holdings of the investment portfolio in U.S. Treasury securities and other agencies of the U.S. Government, there were no other securities of any one issuer which exceeded 10% of shareholders equity of the Company at December 31, 2004.

III. LOAN PORTFOLIO

A. Types of Loans Total loans on the balance sheet are comprised of the following classifications at December 31 for the years indicated:

	2004	2003	2002	2001	2000
			(dollars in thousands)		
Commercial and agricultural	$ 163,845	$ 188,532	$ 321,726	$ 388,673	$ 362,928
Real estate mortgage	63,828	46,718	84,432	106,689	107,718
Consumer loans to individuals	31,949	37,310	60,139	76,513	81,063
Leases	5,128	11,775	21,509	28,752	25,279
Total loans	$ 264,750	$ 284,335	$ 487,806	$ 600,627	$ 576,988
Real estate mortgage loans held for resale	$ 113	$ 219	$ 63,536	$ 440	$ 1,167

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Concentrations of Credit Risk: The Company grants commercial, real estate and installment loans to customers mainly in northwest Ohio. Commercial loans include loans collateralized by commercial real estate, business assets and, in the case of agricultural loans, crops and farm equipment. As of December 31, 2004, commercial and agricultural loans made up approximately 61.9% of the loan portfolio and the loans are expected to be repaid from cash flow from operations of businesses. As of December 31, 2004, residential first mortgage loans made up approximately 24.1% of the loan portfolio and are collateralized by first mortgages on residential real estate. As of December 31, 2004, consumer loans to individuals made up approximately 14.0% of the loan portfolio and are primarily collateralized by consumer assets.

B. Maturities and Sensitivities of Loans to Changes in Interest Rates The following table shows the amounts of commercial and agricultural loans outstanding as of December 31, 2004 which, based on remaining scheduled repayments of principal, are due in the periods indicated. Also, the amounts have been classified according to sensitivity to changes in interest rates for commercial and agricultural loans due after one year. (Variable-rate loans are those loans with floating or adjustable interest rates.)

Maturing	Commercial and Agricultural
Within one year	$ 47,784
After one year but within five years	56,139
After five years	59,922
Total commercial and agricultural loans	$ 163,845

Commercial and Agricultural

	Interest Sensitivity		
	Fixed Rate	Variable Rate	Total
	(dollars in thousands)		
Due after one year but within five years	$ 15,107	$ 41,032	$ 56,139
Due after five years	6,612	53,310	59,922
Total	$ 21,719	$ 94,342	$ 116,061

C. *Risk Elements*

1. Nonaccrual, Past Due, Restructured and Impaired Loans The following schedule summarizes nonaccrual, past due, restructured and impaired loans at December 31 in each of the following years.

2004	2003	2002	2001	2000

			(dollars in thousands)		
(a) Loans accounted for on a nonaccrual basis	$ 13,384	$ 18,352	$ 18,259	$ 12,557	$ 2,950
(b) Accruing loans which are contractually past due 90 days or more as to interest or principal payments	11		476	2,131	1,927
(c) Loans not included in (a) which are Troubled Debt Restructurings as defined by Statement of Financial Accounting Standards No. 15	1,570	5,058			3,911
Total non-performing loans	$ 14,965	$ 23,410	$ 18,735	$ 14,688	$ 8,788
(d) Other loans defined as impaired	$ 4,671	$ 9,099	$ 3,166	$	$ 1,624

Management believes the allowance for loan losses at December 31, 2004 is adequate to absorb any losses on nonperforming loans, as the allowance balance is maintained by management at a level considered adequate to

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cover losses that are probable based on past loss experience, general economic conditions, information about specific borrower situations, including their financial position and collateral values, and other factors and estimates which are subject to change over time.

	2004
	(In thousands)
Gross interest income that would have been recorded in 2004 on impaired loans outstanding at December 31, 2004 if the loans had been current in accordance with their original terms and had been outstanding throughout the period or since origination, if held for part of the period	$ 433
Interest income actually recorded on impaired loans and included in net income for the period	456

1. Discussion of the Nonaccrual Policy

The accrual of interest income is discontinued when the collection of a loan or interest, in whole or in part, is doubtful. When interest accruals are discontinued, interest income accrued in the current period is reversed. While loans which are past due 90 days or more as to interest or principal payments are considered for nonaccrual status, management may elect to continue the accrual of interest when the estimated net realizable value of collateral, in management s judgment, is sufficient to cover the principal balance and accrued interest. These policies apply to both commercial and consumer loans.

2. Potential Problem Loans

As of December 31, 2004, in addition to the $14,965,000 of loans reported under Item III. C. 1. (which includes all loans classified by management as doubtful or loss), there are approximately $16,301,000 in other outstanding loans where known information about possible credit problems of the borrowers causes management to have concerns as to the ability of such borrowers to comply with the present loan repayment terms (loans classified as substandard by management) and which may result in disclosure of such loans pursuant to Item III. C. 1. at some future date. In regard to loans classified as substandard, management believes that such potential problem loans have been adequately evaluated in the allowance for loan losses.

3. Foreign Outstandings

None

4. Loan Concentrations

At December 31, 2004, loans outstanding related to agricultural operations or collateralized by agricultural real estate aggregated approximately $41,240,000.

D. *Other Interest-Bearing Assets*

There are no other interest-bearing assets as of December 31, 2004 which are required to be disclosed under Item III. C. 1 or Item III. C. 2. if such assets were loans.

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IV. SUMMARY OF LOAN LOSS EXPERIENCE

A. The following schedule presents an analysis of the allowance for loan losses, average loan data and related ratios for the years ended December 31:

	2004	2003	2002	2001	2000
			(dollars in thousands)		
Loans					
Loans outstanding at end of period(1)	$ 264,594	$ 284,323	$ 551,011	$ 600,731	$ 577,803
Average loans outstanding during period(1)	$ 271,503	$ 385,153	$ 627,685	$ 583,239	$ 542,412
Allowance for loan losses					
Balance at beginning of period	$ 10,181	$ 17,694	$ 9,239	$ 7,215	$ 6,194
Balance, Oakwood			1,427		
Loans charged-off					
Commercial and agricultural loans	(6,599)	(10,089)	(19,584)	(6,089)	(641)
Real estate mortgage	(12)	(195)	(496)	(54)	(22)
Leases	(70)	(225)	(173)	(146)	(89)
Consumer loans to individuals	(308)	(1,345)	(1,520)	(884)	(817)
	(6,989)	(11,854)	(21,773)	(7,173)	(1,569)
Recoveries of loans previously charged-off					
Commercial and agricultural loans	1,835	2,497	892	110	106
Real estate mortgage	52	86	28	1	23
Leases	31	109	27	12	38
Consumer loans to individuals	188	447	324	341	324
	2,106	3,139	1,271	464	491
Net loans charged-off	(4,883)	(8,715)	(20,502)	(6,709)	(1,079)
Provision for loan losses	(399)	1,202	27,530	8,733	2,100
Balance at end of period	$ 4,899	$ 10,181	$ 17,694	$ 9,239	$ 7,215
Ratio of net charge-offs during the period to average loans outstanding during the period	1.80%	2.26%	3.27%	1.15%	.20%

(1) Net of unearned income and deferred loan fees, including loans held for sale

The allowance for loan losses balance and the provision for loan losses are determined by management based upon periodic reviews of the loan portfolio. In addition, management considered the level of charge-offs on loans as well as the fluctuations of charge-offs and recoveries on loans in the factors which caused these changes. Estimating the risk of loss and the amount of loss is necessarily subjective. Accordingly, the allowance is maintained by management at a level considered adequate to cover losses that are currently anticipated based on past loss experience, economic conditions, information about specific borrower situations including their financial position and collateral values and other factors and estimates which are subject to change over time.

B. The following schedule is a breakdown of the allowance for loan losses allocated by type of loan and related ratios.

Allocation of the Allowance for Loan Losses

	Allowance for Loans	Percentage of Loans In Each Category to Total Amount	Allowance for Loans	Percentage of Loans In Each Category To Total Amount	Allowance for Loans	Percentage of Loans In Each Category to Total Amount	Allowance for Loans	Percentage of Loans In Each Category to Total Amount	Allowance for Loans	Percentage of Loans In Each Category to Total Amount
	December 31, 2004		December 31, 2003		December 31, 2002		December 31, 2001*		December 31, 2000	
	(dollars in thousands)									
Commercial and agricultural	$ 4,502	61.9%	$ 9,649	66.3%	$ 16,518	66.0%	$ 8,222	64.7%	$ 5,365	62.9%
Residential first mortgage	141	24.1	75	16.4	204	17.3	126	17.8	202	18.7
Consumer loans to individuals	256	14.0	457	17.3	972	16.7	891	17.5	814	18.4
Unallocated		N/A		N/A		N/A	*	N/A	834	N/A
	$ 4,899	100.0%	$ 10,181	100.0%	$ 17,694	100.0%	$ 9,239	100.0%	$ 7,215	100.0%

* In 2001, management established a revised methodology for allocating the allowance for loan losses which includes identifying specific allocations for impaired and problem loans and quantifying general allocations for other loans based on a detailed evaluation of historical

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loss ratios. Adjustments are then made to these amounts based on various quantifiable information related to individual portfolio risk factors. Additional adjustments are made based on local and national economic trends and their estimated impact on the industries to which the Company and its subsidiaries extend credit. Prior to 2001, individual portfolio risk factor allocations were made on a more subjective basis. Management believes the new methodology more appropriately allocates the allowance for known and inherent risks within the individual loan portfolios.

While management s periodic analysis of the adequacy of the allowance for loan losses may allocate portions of the allowance for specific problem loan situations, the entire allowance is available for any loan charge-offs that occur.

V. DEPOSITS

The average amount of deposits and average rates paid are summarized as follows for the years ended December 31:

	2004		2003		2002	
	Average Amount	Average Rate	Average Amount	Average Rate	Average Amount	Average Rate
	(dollars in thousands)					
Savings and interest-bearing demand deposits	$ 94,051	0.37%	$ 124,828	0.63%	$ 185,357	1.39%
Time deposits	162,865	2.58	267,227	3.46	409,363	4.33
Demand deposits (noninterest-bearing)	38,134		43,729		51,888	
	$ 295,050		$ 435,784		$ 646,608	

Maturities of time certificates of deposit and other time deposits of $100,000 or more outstanding at December 31, 2004 are summarized as follows:

	Amount
	(In thousands)
Three months or less	$ 8,139
Over three months and through six months	13,063
Over six months and through twelve months	11,175
Over twelve months	12,336
	$ 44,713

VI. RETURN ON EQUITY AND ASSETS

The ratio of net income to average shareholders equity and average total assets and certain other ratios are as follows:

	2004	2003	2002
		(dollars in thousands)	
Average total assets	$ 417,801	$ 549,371	$ 791,091