

RURBAN FINANCIAL CORP
Form S-4
July 26, 2005
Table of Contents

As filed with the Securities and Exchange Commission on July 26, 2005.

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RURBAN FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction
of incorporation or organization)

6022
(Primary Standard Industrial
Classification Code Number)

34-1395608
(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)

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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. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit	Proposed maximum aggregate price (2)	Amount of registration fee
Common shares, without par value	456,116	N/A	\$5,884,039	\$693

- (1) Based upon the maximum number of common shares that the Registrant may be required to issue in the transaction, calculated as the product of (i) 293,322 (half of the aggregate number of common shares of Exchange Bancshares, Inc. expected to be outstanding when the transaction is consummated) and (ii) an exchange ratio of 1.555 common shares of the Registrant for each share of Exchange.
 - (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 and computed pursuant to Rule 457(f) thereunder on the basis of the market value of the common shares of Exchange Bancshares, Inc. to be received by the Registrant in the transaction, computed, in accordance with Rule 457(f)(1) and (3), as the product of (i) \$21.03 (the average of the bid and asked price for a common share of Exchange Bancshares, Inc., as quoted on the OTC Bulletin Board, on July 25, 2005) and (ii) 586,644, the aggregate number of common shares of Exchange Bancshares, Inc. expected to be outstanding when the transaction is consummated, less \$6,453,084, the amount of cash to be paid by the Registrant to shareholders of Exchange.
-

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.

Table of Contents

The information in this prospectus/proxy statement is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/proxy statement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated July 26, 2005

EXCHANGE BANCSHARES, INC.

237 Main Street

Luckey, Ohio 43443

(419) 833-3401

Notice of Special Meeting of Shareholders

To Be Held on _____, 2005

A special meeting of shareholders of Exchange Bancshares, Inc. will be held on _____, 2005 at _____ .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 _____, 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.

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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
, 2005

Marion Layman, Chairman

Table of Contents

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 , 2005

at .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:

, 2005

.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 , 2005, the last 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.**

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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 _____, 2005, and is first being mailed to Exchange shareholders on or about _____, 2005.

Table of Contents

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.

401 Clinton Street

Defiance, Ohio 43512

Attention: James E. Adams

(419) 783-8950

Exchange Bancshares, Inc.

237 Main Street

Luckey, Ohio 43443

Attention: Marion Layman

(419) 833-3401

Any request for documents should be made by _____, 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 ended March 31, 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, as amended by Amendment No. 1 on Form 10-QSB/A, for the quarter ended March 31, 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 _____ for more information about the documents referred to in this prospectus/proxy statement.

Table of Contents

TABLE OF CONTENTS

<u>Questions and Answers About the Merger</u>	1
<u>Summary</u>	3
<u>Risk Factors</u>	10
<u>Fluctuation in the market price of the Rurban shares may affect the value of the consideration you receive</u>	10
<u>The consideration you receive in the merger may be reduced as a result of a decline in the shareholders' equity of Exchange</u>	10
<u>You may receive a form of consideration different from the form of consideration you elect</u>	11
<u>Rurban may fail to realize the anticipated benefits of the merger</u>	11
<u>Changes in interest rates could reduce Rurban's income</u>	11
<u>Comparative Share Prices</u>	12
<u>Selected Consolidated Financial Data of Rurban</u>	13
<u>Selected Consolidated Financial Data of Exchange</u>	14
<u>Comparative Per Share Data</u>	15
<u>Pro Forma Financials</u>	16
<u>Incorporation by Reference</u>	22
<u>Sources of Information</u>	23
<u>Forward Looking Statements</u>	23
<u>The Special Meeting</u>	24
<u>Purpose, time and place</u>	24
<u>Shares outstanding and entitled to vote; record date</u>	24
<u>Votes required</u>	24
<u>Voting, solicitation and revocation of proxies</u>	24
<u>Dissenters' Rights</u>	25
<u>The Merger</u>	26
<u>The parties to the merger agreement</u>	27
<u>Rurban</u>	27
<u>Exchange</u>	27
<u>Background and reasons for the merger</u>	27
<u>Rurban</u>	27
<u>Exchange</u>	27
<u>Opinion of Exchange's financial advisor</u>	29
<u>Merger consideration</u>	36
<u>Election procedure and exchange of certificates evidencing Exchange shares</u>	38
<u>Allocation of Rurban shares and cash among Exchange shareholders</u>	38
<u>Regulatory approvals required</u>	39
<u>Employee matters</u>	39
<u>Other agreements between Rurban and Exchange</u>	40
<u>Representations and warranties</u>	40
<u>Covenants</u>	41
<u>Conduct of business pending the merger</u>	41
<u>Conditions</u>	42
<u>Effective time</u>	43
<u>Termination and amendment</u>	43

Table of Contents

<u>Interests of directors and officers</u>	44
<u>Resale of Rurban shares</u>	45
<u>Material federal income tax consequences</u>	45
<u>Accounting treatment</u>	46
<u>Description of Rurban Shares and Comparison of Rights of Rurban and Exchange Shareholders</u>	47
<u>Authorized shares</u>	47
<u>Voting rights</u>	47
<u>Preemptive rights</u>	47
<u>Liquidation rights</u>	47
<u>Subscription, conversion and redemption rights; shares nonassessable</u>	48
<u>Payment of dividends</u>	48
<u>Board of Directors</u>	48
<u>Special meetings</u>	49
<u>Supermajority voting requirement</u>	49
<u>Shareholder vote required to approve business combinations with principal shareholders</u>	50
<u>Anti-takeover statutes</u>	51
<u>Legal Matters</u>	52
<u>Experts</u>	52
<u>Exchange 2005 Annual Meeting Shareholder Proposals</u>	52
<u>Where You Can Find More Information</u>	53

<u>Annex A</u>	Agreement and Plan of Merger, dated April 13, 2005, by and among Rurban Financial Corp. and Exchange Bancshares, Inc.
<u>Annex B</u>	Opinion of Capital Market Securities, Inc. dated as of _____, 2005.
<u>Annex C</u>	Rights of Dissenting Shareholders, Ohio General Corporation Law Section 1701.85.
<u>Annex D</u>	Rurban's Form 10-K for the year ended December 31, 2004.
<u>Annex E</u>	Rurban's Form 10-Q for the quarter ended March 31, 2005.
<u>Annex F</u>	Exchange's Form 10-KSB/A for the year ended December 31, 2004.
<u>Annex G</u>	Exchange's Form 10-QSB/A for the quarter ended March 31, 2005.

Table of Contents

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 than what you request.*

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

A: The special meeting of shareholders will be held at _____ .m., Eastern Time, on _____, 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?

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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.

Table of Contents

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 September 30, 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.

Table of Contents

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 . Page references are included in this summary to direct you to a more complete description of topics discussed in this document.*

The parties (page)

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 11 offices located in Defiance, Paulding 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 March 31, 2005, Rurban had 229 full-time equivalent employees, total assets of \$414.5 million, total loans of \$266.0 million, total deposits of \$284.9 million, and total shareholders' equity of \$49.8 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.

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At March 31, 2005, Exchange had 46 full-time and 7 part-time employees, total assets of \$87.2 million, total loans of \$60.3 million, total deposits of \$78.8 million, and total shareholders' equity of \$8.0 million. Exchange common shares are quoted on the OTC Bulletin Board under the symbol EBLO.OB.

The merger (page)

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)

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

Table of Contents

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)

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,

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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.

Table of Contents

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

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)

Exchange will hold a special meeting of shareholders on _____, 2005, at _____ .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 _____, 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

Table of Contents

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 be 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)

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)

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;

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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)

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.

Table of Contents

Opinion of financial advisor (page)

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)

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)

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 will be paid approximately \$218,753 under this agreement in connection with the merger.

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.

For five years after the merger is completed, Rurban will provide liability insurance 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

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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.

Table of Contents

Resale of Rurban shares (page)

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)

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)

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

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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

Table of Contents

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.

We 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)

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 , a copy of the provisions of Ohio law regarding dissenters' rights is attached to this prospectus/proxy statement as Annex C.

Table of Contents

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 _____, 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

Table of Contents

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 March 31, 2005, Exchange's shareholders' equity, as adjusted in accordance with the terms of the merger agreement, was \$8,186,000.

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.

Table of Contents

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 _____, 2005, there were _____ Rurban common shares outstanding and held by approximately _____ holders of record. As of _____, 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.

	<u>Rurban</u>	<u>Exchange</u>	<u>Exchange equivalent per share price</u>
April 12, 2005	\$ 14.22	\$ 12.85	\$ 22.11
_____, 2005	\$	\$	\$

Table of Contents**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 three months ended March 31, 2004 and 2005. 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 March 31,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands)				
Rurban consolidated							
statement of financial condition:							
Total assets	\$ 414,480	\$ 421,751	\$ 415,349	\$ 435,312	\$ 742,317	\$ 746,209	\$ 700,818
Securities available-for-sale	102,673	97,895	108,720	107,699	115,109	101,140	85,760
FRB and FHLB stock	2,818	2,767	2,793	2,745	3,666	3,236	3,145
Loans held-for-sale	260	232	113	219	63,536	440	1,167
Loans, net of unearned income	266,046	269,316	264,481	284,104	487,475	600,291	576,636
Allowance for loan losses	4,800	8,245	4,899	10,181	17,694	9,239	7,215
Deposits	284,917	307,727	279,624	317,475	567,860	610,860	566,321
FHLB advances	53,500	39,000	56,000	39,000	47,850	54,275	52,164
Other borrowings	22,420	20,360	21,869	24,251	16,000	24,850	23,200
Stockholders' equity	49,777	49,274	50,306	48,383	36,382	50,829	50,140

	At March 31,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands, except for per share data)				
Rurban consolidated operating results:							
Interest income	\$ 5,044	\$ 5,114	\$ 20,028	\$ 27,774	\$ 48,591	\$ 56,519	\$ 56,023
Interest expense	2,047	2,130	7,951	13,972	24,813	30,778	29,635
Net interest income	2,997	2,984	12,077	13,802	23,778	25,741	26,388
Provision for loan losses		150	(399)	1,202	27,531	8,733	2,100
Non-interest income	4,411	4,335	16,691	34,687	13,779	14,162	11,273
Non-interest expense	6,520	6,289	25,324	28,678	30,479	28,018	26,754
Income (loss) before income taxes	888	880	3,843	18,608	(20,452)	3,152	8,807
Income taxes	249	268	1,109	6,303	(7,044)	899	2,721
Net income (loss)	638	612	2,734	12,305	(13,408)	2,253	6,086
Basic earnings (loss) per share	0.14	0.13	0.60	2.71	(2.95)	0.50	1.35
Diluted earnings (loss) per share	0.14	0.13	0.60	2.70	(2.95)	0.50	1.35
Cash dividends per share	0.05	N/A	N/A	N/A	0.26	0.47	0.42
Book value at period end	10.90	10.79	11.01	10.63	8.01	11.14	10.98
Weighted average shares outstanding - basic	4,568	4,555	4,559	4,545	4,540	4,526	4,511
Weighted average shares outstanding - diluted	4,573	4,562	4,572	4,552	4,540	4,544	4,511

	At March 31,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000

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	(Unaudited)			(In thousands, except for per share data)			
Other data:							
Return on average assets	0.62%	0.57%	0.65%	2.24%	(1.69)%	0.31%	0.91%
Return on average shareholders equity	5.08	5.02	5.55	27.59	(30.01)	4.27	13.05
Dividend payout ratio	35.71	N/A	N/A	N/A	N/A	95.80	31.02
Net interest margin, fully-taxable equivalent	3.28	3.09	3.19	2.72	3.20	3.80	4.23
Average loans to average deposits	93.62	88.18	105.68	98.24	105.54	106.82	109.65
Average equity to average assets	12.12	11.38	11.79	8.12	5.65	7.29	7.01
Allowance for loan losses to period end loans	1.81	3.06	1.85	3.58	3.21	1.54	1.25
Allowance for loan losses to total non-performing loans	30.19	46.06	34.03	55.43	94.65	62.59	81.82
Non-performing loans to period end loans	5.98	6.65	5.44	6.48	3.39	2.45	1.53
Net charge-offs to average loans	0.04	0.76	1.80	2.26	3.27	1.15	0.20
Avg Loans	264,815	275,514	271,503	385,153	627,685	583,239	542,412
Net Charge-offs	99	2,086	4,883	8,715	20,503	6,709	1,079

Table of Contents**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 three months ended March 31, 2004 and 2005. 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 March 31,		At December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands)				
Exchange consolidated statement of financial condition:							
Total assets	\$ 87,162	\$ 101,164	\$ 90,719	\$ 101,819	\$ 110,688	\$ 106,456	\$ 103,155
Securities available-for-sale	19,728	23,440	22,944	23,081	17,652	14,815	15,435
Loans, net of unearned income	60,283	65,914	62,274	68,555	72,512	81,182	79,279
Allowance for loan losses	1,132	1,394	1,106	1,395	1,417	844	756
Deposits	78,756	91,887	82,007	92,249	100,845	95,231	90,108
FHLB advances	73	85	74	86	100	115	2,632
Shareholders' equity	8,037	8,812	8,298	9,069	9,222	10,452	9,933
	Three months ended		Year Ended December 31,				
	March 31,						
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		(In thousands, except per share data)				
Exchange consolidated statement of operations:							
Interest income	\$ 1,128	\$ 1,308	\$ 4,950	\$ 5,880	\$ 7,035	\$ 8,287	\$ 8,261
Interest expense	271	383	1,399	1,965	2,872	4,075	3,878
Net interest income	857	925	3,551	3,915	4,163	4,212	4,383
Provision for loan losses	99	382	542	250	2,019	15	75
Non-interest income	120	120	492	622	768	680	552
Non-interest expense	990	1,002	4,065	4,045	4,587	4,016	3,864
Income (loss) before income taxes	(112)	(339)	(564)	242	(1,675)	861	996
Income taxes				70	(585)	269	320
Net income (loss)	(112)	(339)	(564)	172	(1,090)	592	676
Earnings (loss) per share	(0.19)	(0.58)	(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	13.70	15.02	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 three months ended

	March 31,		Year ended December 31,				
	2005	2004	2004	2003	2002	2001	2000

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	(Unaudited)			(In thousands)			
Other data:							
Return on average assets	(0.51)%	(1.35)%	(0.57)%	0.16%	(1.01)%	0.55%	0.67%
Return on average shareholders equity	(5.33)	(14.91)	(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	4.22	3.92	3.85	3.95	4.12	4.16	4.63
Average loans to average deposits	76.88	73.90	72.48	71.52	82.55	81.29	89.12
Average equity to average assets	9.65	9.04	8.73	8.69	9.60	9.26	9.27
Allowance for loan losses to period end loans	1.88	2.11	1.78	2.03	1.95	1.04	0.95
Allowance for loan losses to total non-performing loans	96.10	88.51	118.42	68.65	67.00	49.01	136.96
Non-performing loans to period end loans	1.95	2.39	1.50	2.96	2.92	2.12	0.70
Net charge-offs to average loans	0.48	1.87	1.21	0.39	1.81	(0.09)	0.42
Average loans	\$ 61,019	\$ 67,660	\$ 64,668	\$ 69,281	\$ 79,717	\$ 78,724	\$ 77,012
Net charge-offs	73	317	781	272	1,446	(73)	327

Table of Contents**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.

	Three months ended March 31, 2005	Year ended December 31, 2004
Rurban historical		
Earnings (loss) per share:		
Basic	\$.14	\$.60
Diluted	.14	.60
Book value per share	10.90	11.01
Cash dividends paid per share	.05	N/A
Exchange historical		
Earnings (loss) per share:		
Basic	\$ (.19)	\$ (.96)
Diluted	(.19)	(.96)
Book value per share	13.70	14.14
Cash dividends paid per share	N/A	N/A
Rurban pro forma		
Earnings (loss) per share:		
Basic (1)	\$.07	\$.34
Diluted (1)	.07	.34
Book value per share (2)	11.16	11.20
Cash dividends paid per share (3)	.05	N/A
Exchange pro forma equivalent		
Earnings (loss) per share:		
Basic (4)	\$.11	\$.53
Diluted (4)	.11	.53
Book value per share (4)	17.35	17.42
Cash dividends paid per share (4)	.08	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.

Table of Contents

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 March 31, 2005 and the unaudited pro forma condensed combined statement of income for the year ended December 31, 2004 and the three months ended March 31, 2005 have been prepared to reflect Rurban's acquisition of Exchange as if the acquisition had occurred on March 31, 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 three months ended March 31, 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 March 31, 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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Total shareholders' equity	\$ 49,776	\$ 8,037	\$ 57,813	\$ (8,037) ⁽¹⁾	56,073
				(156)	
				6,453 ⁽¹⁾	
Total liabilities and shareholders' equity	\$ 414,480	\$ 87,162	\$ 501,642	\$ 8,730	\$ 510,372

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

Table of Contents**Rurban/Exchange****Unaudited Pro Forma Condensed Combined Consolidated Statement of Income****For the Year Ended December 31, 2004**

	<u>Rurban</u> <u>historical</u>	<u>Exchange</u> <u>historical</u>	<u>Combined</u> <u>Rurban</u> <u>and</u> <u>Exchange</u>	<u>Pro forma</u> <u>adjustments</u>	<u>Pro</u> <u>forma</u> <u>combined</u>
(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
Other income					
	3,042				3,042
	3,170	492			3,662
Total non-interest income	16,690	492	17,182		17,182
Non-interest expense:					
	12,993	2,060	15,053	278 ⁽³⁾	15,053
	982	540	1,522	278 ⁽³⁾	1,522
Salaries and benefits					
	4,337	n/a	4,337		4,337
	2,253	227	2,480		2,480
Net occupancy					
	4,759	1,238	5,997		6,275
Equipment					
	25,324	4,065	29,389		29,667
Professional fees					
Other					

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Total non-interest expense					
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.

Table of Contents**Rurban/Exchange****Unaudited Pro Forma Condensed Combined Consolidated Statement of Income****For the Three Months Ended March 31, 2005**

	Rurban historical	Exchange historical	Combined Rurban and Exchange	Pro forma adjustments	Pro forma combined
(In thousands, except per share data)					
Interest income					
Loans	\$ 3,929	\$ 976	\$ 4,905		\$ 4,905
Investments	1,097	145	1,242		1,242
Federal funds sold and other	18	7	25		25
Total interest income	5,044	1,128	6,172		6,172
Interest expense					
Deposits	1,103	269	1,372		1,372
Borrowings	675	2	677		677
Trust preferred securities	269		269	150 ⁽¹⁾	419
Total interest expense	2,047	271	2,318	150 ⁽¹⁾	2,468
Net interest income	2,997	857	3,854	(150) ⁽¹⁾	3,704
Provision for loan losses	0	99	99		99
Net interest income after provision	2,997	758	3,755	(150) ⁽¹⁾	3,605
Non-interest income:					
Data service fees	2,996		2,996		2,996
Trust fees	804		804		804
Other income	610	120	730		730
Total non-interest income	4,410	120	4,530		4,530
Non-interest expense:					
Salaries and benefits	3,231	485	3,716		3,716
Net occupancy	290	133	423		423
Equipment	1,253	n/a	1,253		1,253
Professional fees	519	58	577		577
Other	1,227	314	1,541	111	1,652
Total non-interest expense	6,520	990	7,510	111 ⁽³⁾	7,621
Income (loss) before taxes	887	(112)	775	(261) ⁽¹⁾	514
Federal Taxes	249		249	(105) ⁽¹⁾	144
Net income (loss)	\$ 638	\$ (112)	\$ 526	\$ (156) ⁽¹⁾	\$ 370
Average shares outstanding (000 s):					
Basic	4,568	587			5,024
Diluted	4,573	587			5,029
Earnings per share:					
Basic	\$ 0.14	\$ (0.19)			\$ 0.07

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Diluted

\$ 0.14 \$ (0.19)

\$ 0.07

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

Table of Contents**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)
	<hr/>
Net cash impact	\$ 2,715
	<hr/>

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		8,037
Pro forma excess purchase price over net assets acquired at fair market value		\$ 4,869
Merger related charges		832
Estimated core deposit intangible:		
Eligible pro forma deposits	\$ 41,633	
Premium rate	3.00%	\$ (1,249)
Deferred income taxes:		
Core deposit intangible	\$ 1,249	
Income tax rate	34%	\$ 425
Goodwill		\$ 4,877

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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.

Table of Contents

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 March 31, 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 \$150 thousand and \$600 thousand reflected in the pro forma condensed combined consolidated statement of income for the three months ended March 31, 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 March 31, 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 three months ended March 31, 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 \$1,249,000 has been used. This is based on selected deposit balances at March 31, 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.

Table of Contents

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 under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

<u>Commission Filings (File No. 0-13507)</u>	<u>Period/Date</u>
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 (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 and July 22, 2005

This document incorporates by reference 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 under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

<u>Commission Filings (File No. 33-54566)</u>	<u>Period/Date</u>
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 (a copy of which is attached as Annex G to this document)
Current Reports on Form 8-K	Filed on April 13, June 20 and July 8, 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

Exchange Bancshares, Inc.
237 Main Street

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Defiance, Ohio 43512

Luckey, Ohio

Attention: James E. Adams

Attention: Marion Layman

(419) 783-8950

(419) 833-3401

Table of Contents

Any request for documents should be made by _____, 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 _____.

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 preceded 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;

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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.

Table of Contents

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 .m., on , 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 , 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, , 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 , 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 be 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;

Table of Contents

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 _____, 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;

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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.

Table of Contents

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 _____, 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.

Table of Contents

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 11 offices located in Defiance, Paulding 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 March 31, 2005, Rurban had 229 full-time equivalent employees, total assets of \$414.5 million, total loans of \$266.0 million, total deposits of \$284.9 million, and total shareholders' equity of \$49.8 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 March 31, 2005, Exchange had 46 full-time and 7 part-time employees, total assets of \$87.2 million, total loans of \$60.3 million, total deposits of \$78.8 million, and total shareholders' equity of \$8.0 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.

Table of Contents

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 authorize 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;

Table of Contents

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

Table of Contents

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;

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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;

Table of Contents

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

Table of Contents

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

Table of Contents

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.

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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.

Table of Contents

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

	<u>Exchange</u>	<u>Peer Group Average</u>
Total Assets (<i>in millions</i>)	\$ 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

	<u>Rurban</u>	<u>Peer Group Average</u>
Total Assets (<i>in millions</i>)	\$ 415.3	\$ 551.3
Tangible Equity/Tangible Assets	10.55%	7.93%

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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

Table of Contents

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 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.

<i>Discount Rate</i>	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.

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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

Table of Contents

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

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

Table of Contents

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

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 [$1.5 \times (\$8,100,000 - \$7,500,000) / 586,644$];

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 March 31, 2005, Exchange s shareholders equity, as adjusted in accordance with the terms of the merger agreement, was \$8,186,000.

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 \times \$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

Table of Contents

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) $[0.85 \times \$22.00 / \$11.00]$. 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.

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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

Table of Contents

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.

Table of Contents

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,

Table of Contents

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:

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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;