

May 23, 2005

Dear Fellow Shareholder:

The first quarter of 2005 contained good news for our owners.

BRECKSVILLE

Our Brecksville bank continues to run well ahead of expectations with regard to deposits. In addition, our Regional President, Mike Gorman and Steve Neal, our Vice President, Commercial Lending, have stirred up quite a bit of activity on the loan side. We opened this bank for the primary purposes of expanding our deposit base and secondarily to expand our lending. So far, both objectives are being attained.

BANK GROWTH

Although Brecksville has added significantly to the Bank's deposit base our total assets have not grown correspondingly. That is because we have been letting higher cost CDs and other funds run off. By doing this, we improve our margin but slow our growth.

When we were a very young bank, every new loan added to our totals. But now, our portfolio of loans is over \$100,000,000 and we get large amounts of repayments each month. So the same total new loan growth that would have made for impressive growth in our loan totals in the past, might only equal the level of repayments in a month or quarter. So the bigger we get, and the more loans that we have, the tougher it is to grow.

EARNINGS

As you can see, our net income for the first quarter is up 28% over 2004. That is despite the fact that the bank, for the 2005 first quarter, carried the losses related to the Brecksville bank startup. That financial burden was not in the 2004 first quarter period. Net income per share also increased in spite of the fact that there are now significantly more shares outstanding due to our stock offering in 2004.

MARKET MAKER

As you can see by our enclosed letter, we now have a lead market maker for our stock. This will help any of our shareholders that need to sell their stock as well as those interested in purchasing Western Reserve Bancorp stock. Our stock symbol is WRBO, and we are listed on the "pink sheets."

This is another step in our maturity. Howe Barnes is an investment firm that specializes in community banks. Despite being among their smallest clients we received attention as if we were their largest. Other bankers told us that Howe Barnes' approach is to take care of our shareholders exactly as we would, which is quite a statement!

Sincerely,

Edward J. McKeon
President & CEO

P.M. Jones
Chairman

May 23, 2005

Dear Shareholder,

In an effort to improve the marketability of Western Reserve Bancorp, Inc. common stock, we have asked Howe Barnes Investments to begin trading our shares. Howe Barnes Investments is a 90 year old Chicago based investment firm committed to the research and trading of small and medium sized community banks. Howe Barnes Investments currently makes principal markets in more than 200 midwestern bank and thrift stocks.

At this time, Howe Barnes Investments is quoting a market in Western Reserve Bancorp, Inc. They will quote a bid price, which means they will buy stock at that price on a net basis. We believe this will provide our shareholders with improved liquidity for their shares. The quoted price of our shares will change over time, dependent primarily upon the supply and demand for the shares.

Shareholder inquires are welcome regarding buying and selling shares of Western Reserve Bancorp, Inc. Please contact the following person at Howe Barnes Investments for more information.

Lou Coines
312-655-2964 or 800-800-4693

Howe Barnes Investments, Inc.
222 South Riverside Plaza
7th Floor
Chicago, IL 60606

WESTERN RESERVE BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2005	December 31, 2004
Assets		
Cash and due from financial institutions	\$ 2,473,437	\$ 2,059,119
Federal funds sold and other short-term funds	2,798,000	4,877,000
Cash and cash equivalents	5,271,437	6,936,119
Securities available for sale	1,336,259	1,204,686
Loans held for sale	-	250,835
Loans	107,788,154	104,735,255
Allowance for loan losses	(1,630,832)	(1,605,933)
Loans, net	106,157,322	103,129,322
Federal Reserve Bank stock	198,300	198,300
Federal Home Loan Bank stock	281,900	278,900
Premises and equipment, net	1,397,791	1,371,248
Accrued interest receivable and other assets	1,960,850	1,880,740
Total Assets	\$ 116,603,859	\$ 115,250,150
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$ 12,802,380	\$ 12,668,555
Interest-bearing	90,199,659	89,158,414
Total deposits	103,002,039	101,826,969
Federal Home Loan Bank advances	2,500,000	2,500,000
Accrued interest payable and other liabilities	314,772	307,252
Total Liabilities	105,816,811	104,634,221
Shareholders' Equity		
Common stock, without par value, \$1 stated value:		
750,000 shares authorized; 455,882 and		
455,624 shares issued and outstanding at		
March 31, 2005 and December 31, 2004	455,882	455,624
Additional paid-in capital	9,491,313	9,484,470
Retained earnings	853,811	678,651
Accumulated other comprehensive income (loss)	(13,958)	(2,816)
Total Shareholders' Equity	10,787,048	10,615,929
Total Liabilities and Shareholders' Equity	\$ 116,603,859	\$ 115,250,150

WESTERN RESERVE BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three months ended March 31, 2005	2004
Interest Income		
Loans, including fees	\$ 1,653,360	\$ 1,385,573
Securities	18,033	21,553
Federal funds sold and other short-term funds	27,170	7,731
Total Interest Income	1,698,563	1,414,857
Interest Expense		
Deposits	562,144	437,551
Borrowings	20,034	42,116
Total Interest Expense	582,178	479,667
Net interest income	1,116,385	935,190
Provision for Loan Losses	28,900	63,400
Net interest income after provision for loan losses	1,087,485	871,790
Noninterest Income		
Service charges on deposit accounts	28,551	29,004
Net gains on sales of loans	77,839	1,492
Other	41,306	31,196
Total Noninterest Income	147,696	61,692
Noninterest Expense		
Salaries and employee benefits	484,804	396,147
Premises and equipment, net	194,179	95,772
Data processing	74,267	56,973
Professional fees	79,831	56,277
Taxes other than income and payroll	26,309	24,232
Supplies, printing and postage	21,682	16,541
Community relations and contributions	15,761	17,822
Other	74,414	64,102
Total Noninterest Expense	971,247	727,866
Income before income taxes	263,934	205,616
Income tax expense	88,773	69,177
Net income	\$ 175,161	\$ 136,439
Average shares outstanding (basic)	455,676	388,052
Average shares outstanding (diluted)	470,948	397,343
Basic income per share	\$0.38	\$0.35
Diluted income per share	\$0.37	\$0.34