

November 25, 2005

Dear Fellow Shareholder:

As you can see from the attached financial statement the bank continues to perform well and the outlook for the remainder of the year is positive.

Our year-to-date income is up substantially from 2004, assisted by a boost in our net interest income. We have positioned the bank for the rising rate scenario that is unfolding. Another factor in the income improvement is a lower allocation for loan losses which reflects the improved status of certain loans which concerned management in the past. To elaborate, in past years, our concern for the strength of specific loan customers resulted in the bank setting certain funds aside for a possible loan loss. After a period of time working with our customers to improve the situation and upon realizing that the customer was back to acceptable strength we were comfortable enough with the status to release the extra funds from the reserve. Those actions created a significant benefit to this year's income statement.

A good portion of the increase in non-interest expense is related to the new Brecksville branch. However, after one year our team in Brecksville is over \$21 million in deposits, which is a very strong performance. In addition, our Brecksville Regional President and Branch Manager have generated significant activity in the loan area which we expect to result in new business for us in the near future.

Because we believe that the key to our success lies in our people, we have recruited additional talented and skilled folks to join us. They are:

Jamie Viano, Assistant Vice President, Commercial Lender
Tom Babik, Vice President, Brecksville Commercial Lender
Mark DeDomenic, Portfolio Manager, Credit Department
Ed Grabenstetter, Consumer Lending Specialist

We are very encouraged by the strengths that these people bring to the table. In this competitive environment, which requires that we be both aggressive and cautious, the stronger the team, the better.

We remind you that Howe Barnes Investments, Inc., a regional investment banking firm specializing in community bank stocks, makes a market in our stock. Mr. Lou Coines handles our account and can be reached at 800-800-4693 or lcoines@howebarnes.com. Alternatively, you can contact your local broker in order to initiate a transaction in our stock. Our symbol is WRBO and can be located on pinksheets.com.

Sincerely,

Edward J. McKeon
President & CEO

P.M. Jones
Chairman

WESTERN RESERVE BANCORP, INC.
CONSOLIDATED BALANCE SHEETS

	(unaudited) Sept 30, 2005	December 31, 2004
Assets		
Cash and due from financial institutions	\$ 2,695,733	\$ 2,059,119
Federal funds sold and other short-term funds	8,768,829	4,877,000
Cash and cash equivalents	11,464,562	6,936,119
Securities available for sale	2,029,676	1,204,686
Loans held for sale	-	250,835
Loans	111,265,795	104,735,255
Allowance for loan losses	(1,552,814)	(1,605,933)
Loans, net	109,712,981	103,129,322
Federal Reserve Bank stock	219,300	198,300
Federal Home Loan Bank stock	288,800	278,900
Premises and equipment, net	1,329,367	1,371,248
Accrued interest receivable and other assets	1,663,088	1,880,740
Total Assets	\$ 126,707,774	\$ 115,250,150
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$ 12,858,581	\$ 12,668,555
Interest-bearing	98,717,312	89,158,414
Total deposits	111,575,893	101,826,969
Federal Home Loan Bank advances	3,500,000	2,500,000
Accrued interest payable and other liabilities	276,808	307,252
Total Liabilities	115,352,701	104,634,221
Shareholders' Equity		
Common stock, without par value, \$1 stated value:		
750,000 shares authorized; 457,185 and		
455,624 shares issued and outstanding at		
September 30, 2005 and December 31, 2004	457,185	455,624
Additional paid-in capital	9,523,849	9,484,470
Retained earnings	1,383,840	678,651
Accumulated other comprehensive (loss)	(9,801)	(2,816)
Total Shareholders' Equity	11,355,073	10,615,929
Total Liabilities and Shareholders' Equity	\$ 126,707,774	\$ 115,250,150

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

	Nine months ended Sept 30, 2005	2004
Interest Income		
Loans, including fees	\$ 5,531,135	\$ 4,339,751
Securities	60,594	62,927
Federal funds sold and other short-term funds	114,917	38,872
	<u>5,706,646</u>	<u>4,441,550</u>
Interest Expense		
Deposits	1,990,482	1,346,127
Borrowings	79,677	146,018
	<u>2,070,159</u>	<u>1,492,145</u>
Net interest income	3,636,487	2,949,405
Provision for Loan Losses	11,000	280,650
Net interest income after provision for loan losses	3,625,487	2,668,755
Noninterest Income		
Service charges on deposit accounts	100,169	89,023
Net gains on sales of loans	151,346	46,896
Other	115,867	93,806
	<u>367,382</u>	<u>229,725</u>
Noninterest Expense		
Salaries and employee benefits	1,395,676	1,207,537
Premises and equipment, net	593,214	327,443
Data processing	223,240	177,619
Professional fees	275,026	156,144
Taxes other than income and payroll	75,342	69,311
Supplies, printing and postage	58,716	49,831
Community relations and contributions	53,979	50,966
Other	256,211	213,171
	<u>2,931,404</u>	<u>2,252,022</u>
Income before income taxes	1,061,465	646,458
Income tax expense	356,276	218,547
Net income	<u>\$ 705,189</u>	<u>\$ 427,911</u>
Average shares outstanding (basic)	456,449	391,604
Average shares outstanding (diluted)	471,641	403,604
Basic income per share	\$1.54	\$1.09
Diluted income per share	\$1.50	\$1.06