

# STRONG, SAFE AND SECURE SINCE 1935



## Dear Customers and Friends:

As we present our 2002 financial statement for your review, we are pleased to report that a number of historical milestones were reached in a number of categories. Our asset base grew to over \$1 billion, we enhanced our financial strength by increasing our net worth to over \$105 million coupled by producing more than \$184 million in loans and increasing our deposits to over \$940 million.

We are especially proud that these milestones were achieved through prudent mortgage investment in communities we serve and by offering savings products and investment products that attracted new and existing customers. Throughout our 67 year history, the underlying reason for our success has been the value we place on our customers and the communities we serve. We are committed to our mission and we are especially pleased to have opened 2 new branches in 2002 in the communities of Olmsted Township and Strongsville respectively.

It is also our pleasure to report that we enhanced our products, delivery systems and technology with the sole purpose of improving our ability to serve you better. We pledge to you that we will continue our commitment to quality service and you can count on First Federal of Lakewood to remain strong and stable by continuing to invest in the communities and families we serve.

On behalf of all of us at First Federal of Lakewood, we would like to take this opportunity to thank you, "Our Valued Customers," for your patronage during the year. It has been our privilege to serve you and we look forward to continuing our relationship in 2003 and beyond.

Sincerely yours,

Roger L. Holmes  
Chairman of the Board

Terry G. Tracy  
President and Managing Officer



Avon Lake	440-930-5161	North Olmsted	440-777-9000	Rocky River	440-895-9586	Westlake/Detroit	440-871-4667
Fairview Park	440-716-9708	North Ridgeville	440-327-1311	Strongsville	440-572-6080		
Lakewood	216-221-7300	Olmsted Township	440-235-7154	Westlake/Crocker	440-835-4409		

**Customer Service & More 216-529-2700**  
**Outside of Cuyahoga County 800-966-7300**



**For current rates and products, visit [www.FFL.net](http://www.FFL.net)**

**Officers of First Federal of Lakewood**

Roger L. Holmes .....Chairman  
 Terry G. Tracy.....President and Managing Officer  
 Brian M. King.....Senior Vice President and Secretary  
 Gary R. Fix .....Senior Vice President, CFO and Treasurer  
 Walter W. Gibbons .....Vice President/Operations  
 Michael G. Berichon .....Vice President/Chief Lending Officer  
 Timothy S. Brimus .....Vice President and Contoller  
 Steve Nogle.....Vice President and MIS Director  
 David T. Shaw .....Vice President and Chief Savings Officer

**Assistant Vice Presidents**

Timothy J. Angbrandt.....Manager, Marketing  
 Judith A. Duzinski.....Manager, Human Resource  
 James D. Lechko .....Manager, Investment Services  
 Marie Marrali.....Manager, Residential Lending  
 Ronald R. Webb .....Branch Coordinator

**Officers**

Deborah A. Brauer .....Manager, Savings Service  
 Deborah E. Bythway .....Manager, Internal Audit/Compliance  
 Thomas R. Dedrick .....Manager, General Services  
 Debra M. Girman.....Manager, North Olmsted Office  
 Sally M. Golden.....Manager, Loan Service  
 Jacqueline A. McLucas.....Manager, Accounting  
 Richard Morales.....Manager, Westlake/Detroit Office  
 Katherine E. Murphy.....Manager, Rocky River Office  
 Judith E. Norton.....Manager, Fairview Park Office  
 Judy L. Platek .....Manager, North Ridgeville Office  
 Michael Sedlock.....Manager, Strongsville Office  
 Edward R. Turza.....Manager, Lakewood Office  
 Alysia K. Wright.....Manager, Westlake/Crocker Office  
 Lily Yee.....Lending Compliance Specialist  
 Ted Yorkievitz.....Manager, Olmsted Township Office  
 Linda S. Zelonis.....Manager, Avon Lake Office

**Directors**

Ronald W. Dees.....President (retired)  
 Bonne Bell Inc.  
 Larry E. Faulhaber.....Managing Director (retired)  
 Westerly and the Barton Center  
 W. Charles Geiger III.....President  
 Geiger's Clothing & Sports  
 Geiger's Pendleton Shoppes  
 Roger L. Holmes .....Superintendent (retired)  
 Westlake Public Schools  
 Michael P. Summers.....President and Owner  
 Summers Rubber Co.  
 Terry G. Tracy.....President and Managing Officer  
 First Federal of Lakewood

**Directors Emeritus**

William M. Malley  
 Vernon L. Vunderink  
 Robert C. Weber

**Statement of Condition**

*As of December 31, 2002*

**ASSETS**

CASH.....	\$ 18,676,655
INVESTMENT SECURITIES.....	249,753,149
LOANS RECEIVABLE - NET.....	775,668,203
FEDERAL HOME LOAN BANK STOCK.....	7,757,100
OFFICE BUILDING AND EQUIPMENT.....	4,447,204
REAL ESTATE.....	0
OTHER ASSETS.....	10,788,209
<b>TOTAL ASSETS.....</b>	<b>\$ 1,067,090,520</b>

**LIABILITIES AND NET WORTH**

DEPOSIT LIABILITIES.....	\$ 940,277,848
BORROWED MONEY.....	0
BORROWERS' FUNDS FOR TAXES	
INSURANCE AND ESCROW.....	5,690,666
OTHER LIABILITIES.....	10,074,896
DEFERRED INCOME.....	5,075,217
<b>TOTAL LIABILITIES.....</b>	<b>\$ 961,118,627</b>
NET WORTH.....	105,971,893
<b>TOTAL LIABILITIES AND NET WORTH.....</b>	<b>\$ 1,067,090,520</b>

**First Federal Savings and Loan Association of Lakewood has built one of the strongest financial institutions in America by careful investment management and concerned community involvement.**

RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) TO REGULATORY CAPITAL:  
 THE ASSOCIATION WAS IN COMPLIANCE WITH THE CURRENT CAPITAL REQUIREMENTS AT DECEMBER 31, 2002, AS DEPICTED BELOW:

	UNAUDITED REGULATORY		
	Tangible Capital	Core Capital	Risk-Based Capital
GAAP CAPITAL	\$105,972,000	\$105,972,000	\$105,972,000
Nonallowable assets	0	0	0
Additional capital item - general loan valuation allowances	0	0	3,099,000
Unrealized Gains - certain AFS securities	(3,362,000)	(3,362,000)	(1,537,000)
Regulatory capital - computed	\$102,610,000	\$102,610,000	\$107,534,000
Minimum capital required	21,203,000	42,407,000	45,651,000
Regulatory capital - excess	<u>\$81,407,000</u>	<u>\$60,203,000</u>	<u>\$61,883,000</u>

The Office of Thrift Supervision (O.T.S.) requires that savings associations maintain 2% of its assets in Tangible Capital (9.68% actual) and 4.00% of its assets in Core Capital (9.68% actual) and 3% of its Risk Weighted Assets (18.84% actual) in Risk Based Capital. First Federal Savings & Loan Association of Lakewood's regulatory capital as detailed above is well in excess of the O.T.S. capital requirements.

This statement has been prepared in accordance with the regulatory reporting requirements of the Office of Thrift Supervision (O.T.S.). Tangible, core and total capital are the elements of regulatory capital determined under such reporting requirements. Regulatory capital is a basis by which the O.T.S. determines whether a savings association is operating in a safe and sound manner.

Copies of the audited financial statements as of and for the year ended December 31, 2002, will be available after March 31, 2003. These statements can be obtained by visiting our Lakewood office and contacting Mr. Gary R. Fix, Senior Vice President and Treasurer (Chief Financial Officer).

I, Gary R. Fix, Senior Vice President and Treasurer (Chief Financial Officer), of the above-named savings association, do hereby declare that this statement of condition has been prepared in conformance with the instructions issued by the Office of Thrift Supervision and is true to the best of my knowledge and belief.



Gary R. Fix  
 Senior Vice President and Treasurer, Chief Financial Officer