

Dear Customers and Friends:

It is with extreme pleasure that we present our 2001 financial statement for your review. This report, as you will note, reflects continued strength and service during a year of economic transition, as First Federal of Lakewood attained a number of historic milestones.

As our asset base grew to just under \$1 billion, we enhanced our financial strength by increasing our net worth to over \$96 million. In addition to these milestones, we produced more than \$225 million in loans, as our deposits increased to over \$882 million.

We are especially proud that these accomplishments were achieved through prudent mortgage investment in the communities we serve and by offering savings products that attracted new and existing customers. These achievements were accomplished by product, delivery systems and technological enhancements. We also began offering investment products through our new First Federal of Lakewood Investment Services Department. We enhanced our web site and we are proud to announce that our new Olmsted Township branch opened in March, 2002.

We are very optimistic about 2002 and we pledge to you our continued commitment to courteous, friendly and quality service. Also, 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 the directors, officers and employees of First Federal of Lakewood, we express our appreciation for your patronage in 2001. It has truly been our pleasure to serve you and we look forward to continuing our relationship in 2002 and beyond.

Sincerely yours,



Roger L. Holmes
Chairman of the Board



Terry G. Tracy
President and Managing Officer



We've Been Here. We'll Be Here.

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

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

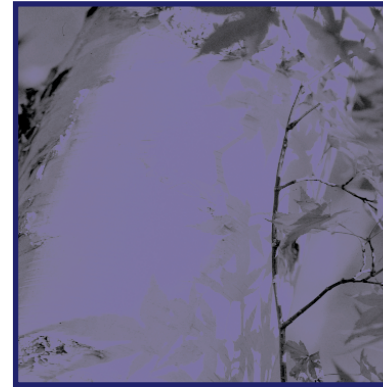


Member FDIC



www.FFL.net

WHEN THE ROOTS ARE DEEP, THE TREE WILL THRIVE



We've Been Here. We'll Be Here.

**FINANCIAL STATEMENT
DECEMBER 31, 2001**



Officers of First Federal of Lakewood

Roger L. HolmesChairman
 Terry G. Tracy.....President and Managing Officer
 Brian M. King.....Senior Vice President and Secretary
 Gary R. FixSenior Vice President, CFO and Treasurer
 Walter W. GibbonsVice President/Operations
 Michael G. BerichonVice President/Chief Lending Officer
 Timothy S. BrimusVice President and Controller
 Steve NogleVice President and MIS Director
 David T. ShawVice President and Chief Savings Officer

Assistant Vice Presidents
 Timothy J. Angbrandt.....Manager, Marketing
 Judith A. Duzinski.....Manager, Human Resource
 James D. LechkoManager, Investment Services
 Marie Marrali.....Manager, Residential Lending
 Ronald R. WebbBranch Coordinator

Officers
 Deborah A. BrauerManager, Savings Service
 Deborah E. BythwayManager, Internal Audit/Compliance
 Thomas R. DedrickManager, 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. PlatekManager, North Ridgeville Office
 Edward R. Turza..... Manager, Lakewood Office
 Alysia K. Wright.....Manager, Westlake/Crocker Office
 Lily YeeLending Compliance Specialist
 Ted Yorkievitz.....Manager, Olmsted Township Office
 Linda S. ZelonisManager, Avon Lake Office

Directors

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

Directors Emeritus

Vernon L. Vunderink
 Robert C. Weber

Statement of Condition

As of December 31, 2001

ASSETS

CASH.....	\$ 17,457,649
INVESTMENT SECURITIES	136,457,673
LOANS RECEIVABLE - NET	824,179,784
FEDERAL HOME LOAN BANK STOCK	7,540,900
OFFICE BUILDING AND EQUIPMENT	4,424,898
REAL ESTATE	102,063
OTHER ASSETS	9,835,318
TOTAL ASSETS	\$ 999,998,285

LIABILITIES AND NET WORTH

DEPOSIT LIABILITIES	\$ 882,031,331
BORROWED MONEY	0
BORROWERS' FUNDS FOR TAXES	
INSURANCE AND ESCROW.....	5,895,419
OTHER LIABILITIES	9,437,662
DEFERRED INCOME	6,023,516
TOTAL LIABILITIES.....	\$ 903,387,928
NET WORTH	96,610,357
TOTAL LIABILITIES AND NET WORTH	\$ 999,998,285

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, 2001, AS DEPICTED BELOW:

	UNAUDITED REGULATORY		
	Tangible Capital	Core Capital	Risk-Based Capital
GAAP CAPITAL	\$96,610,000	\$96,610,000	\$96,610,000
Nonallowable assets	0	0	(188,000)
Additional capital item - general loan valuation allowances	—	—	3,124,000
Unrealized Gains - certain AFS securities	(3,166,000)	(3,166,000)	(1,150,000)
Regulatory capital - computed	\$93,444,000	\$93,444,000	\$98,396,000
Minimum capital required	19,805,000	39,611,000	46,129,000
Regulatory capital - excess	\$73,639,000	\$53,833,000	\$52,267,000

The Office of Thrift Supervision (O.T.S.) requires that savings associations maintain 2% of its assets in Tangible Capital (9.44% actual) and 4.00% of its assets in Core Capital (9.44% actual) and 8% of its Risk Weighted Assets (17.06% 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, 2001, will be available after March 31, 2002. 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