FFLC BANCORP INC
Form 10-Q
August 06, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_________ to __________

Commission file number 0-22608

FFLC BANCORP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	59-3204891
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

800 North Boulevard West, Post Office Box 490420, Leesburg, Florida	34749-0420
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code (352) 787-3311

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common stock, par value $.01 per share	3,578,097 shares outstanding at July 31, 2002

FFLC BANCORP, INC.

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FFLC BANCORP, INC.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets
($ in thousands, except per share amounts)

	At June 30, 2002 (unaudited)	Dece
Assets		
Cash and due from banks	$ 39,354	
Interest-bearing deposits	24,586	
Cash and cash equivalents	63,940	
Securities available for sale	68,186	
Loans, net of allowance for loan losses of $4,701 in 2002 and $4,289 in 2001	730,040	6
Accrued interest receivable	4,191	
Premises and equipment, net	15,294	
Foreclosed assets	304	
Federal Home Loan Bank stock, at cost	8,200	
Deferred income taxes	397	
Other assets	1,385	
Total	$ 891,937	8
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	16,518	
NOW and money-market accounts	125,587	1
Savings accounts	23,521	

Certificates	470,905	4
Total deposits	636,531	5
Advances from Federal Home Loan Bank	164,000	1
Other borrowed funds	15,980	
Accrued expenses and other liabilities	7,917	
Total liabilities	824,428	7
Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none outstanding	--	
Common stock, $.01 par value, 9,000,000 shares authorized, 4,564,749 in 2002 and 4,542,953 in 2001 shares issued	46	
Additional paid-in-capital	31,523	
Retained income	54,997	
Accumulated other comprehensive income	478	
Treasury stock, at cost (986,982 shares in 2002 and 979,021 shares in 2001)	(19,535)	(
Total stockholders' equity	67,509	
Total	$ 891,937	8

See accompanying Notes to Condensed Consolidated Financial Statements.

FFLC BANCORP, INC.

Condensed Consolidated Statements of Income (Unaudited)
($ in thousands, except per share amounts)

	Three Months Ended June 30,		Six Mo Ju
	2002	2001	2002
Interest income:			
Loans	$ 13,180	13,188	26,047
Securities available for sale	779	727	1,540
Other interest-earning assets	184	271	424
Total interest income	14,143	14,186	28,011

Interest expense:			
Deposits	4,954	7,045	10,172
Borrowed funds	2,330	2,104	4,603
Total interest expense	7,284	9,149	14,775
Net interest income	6,859	5,037	13,236
Provision for loan losses	613	325	871
Net interest income after provision for loan losses	6,246	4,712	12,365
Noninterest income:			
Deposit account fees	233	204	451
Other service charges and fees	530	437	1,012
Other	83	54	251
Total noninterest income	846	695	1,714
Noninterest expense:			
Salaries and employee benefits	2,134	1,764	4,150
Occupancy expense	585	489	1,158
Deposit insurance premium	26	25	52
Data processing expense	240	248	492
Professional services	95	102	197
Advertising and promotion	123	102	234
Other	394	322	758
Total noninterest expense	3,597	3,052	7,041
Income before income taxes	3,495	2,355	7,038
Income taxes	1,282	882	2,617
Net income	$ 2,213	1,473	4,421
Basic income per share of common stock	$ .62	.41	1.24
Weighted-average number of shares outstanding for basic	3,571,226	3,537,364	3,569,466
Diluted income per share of common stock	$ .60	.40	1.21
Weighted-average number of shares outstanding for diluted	3,645,834	3,629,597	3,643,210

Dividends per share	$ .14	.13	.28

See accompanying Notes to Condensed Consolidated Financial Statements

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FFLC BANCORP, INC.

Condensed Consolidated Statement of Changes in Stockholders' Equity

Six Months Ended June 30, 2002 (Unaudited)
($ in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Reta Inc
Balance at December 31, 2001	$ 45	31,355	(19,347)	51
Comprehensive income:				
Net income (unaudited)	--	--	--	4
Change in unrealized gains on securities available for sale, net of income taxes of $23 (unaudited)	--	--	--	--
Comprehensive income (unaudited)				
Net proceeds from the issuance of 21,796 shares of common stock, stock options exercised (unaudited)	1	168	--	
Dividends paid (unaudited)	--	--	--	
Purchase of treasury stock, 7,961 shares (unaudited	--	--	(188)	
Balance at June 30, 2002 (unaudited)	$ 46	31,523	(19,535)	54

See accompanying Notes to Condensed Consolidated Financial Statements.

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FFLC BANCORP, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)
($ in thousands)

	S
	200
Cash flows from operating activities:	
Net income	$ 4,
Adjustments to reconcile net income to net cash provided by operations:	
Provision for loan losses	
Depreciation	
Credit for deferred income taxes	(
Gain on sale of foreclosed assets	
Net amortization of premiums and discounts on securities	
Net deferral of loan fees and costs	
Decrease (increase) in accrued interest receivable	
Increase in other assets	(
Increase (decrease) in accrued expenses and other liabilities	1,
Net cash provided by operating activities	6,
Cash flows from investing activities:	
Proceeds from principal repayments and maturities on securities available for sale	6,
Purchase of securities available for sale	(15,
Loan disbursements	(137,
Principal repayments on loans	92,
Purchase of premises and equipment, net	(1,
Purchase of Federal Home Loan Bank stock	(
Proceeds from sales of foreclosed assets	
Net cash used in investing activities	(55,
Cash flows from financing activities:	
Net increase in deposits	51,
Net increase in advances from Federal Home Loan Bank	10,
Net increase in other borrowed funds	2,
Issuance of common stock	
Purchase of treasury stock	(
Cash dividends paid	(
Net cash provided by financing activities	63,

Net increase (decrease) in cash and cash equivalents	14,
Cash and cash equivalents at beginning of period	49,
Cash and cash equivalents at end of period	$ 63,

FFLC BANCORP, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited), Continued
($ in thousands)

	Six Months Ended June 30, 2002	2001
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$14,907	18,01
Income taxes	$ 2,780	1,96
Noncash investing and financing activities:		
Accumulated other comprehensive income, net change in unrealized gain on securities available for sale, net of tax	$ 38	26
Transfer from loans to foreclosed assets	$ 664	20
Loans originated on sales of foreclosed assets	$ 141	8
Loans funded by and sold to correspondent	$ 4,891	8,46

See accompanying Notes to Condensed Consolidated Financial Statements.

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation. In the opinion of the management of FFLC Bancorp, Inc.(the "Holding Company"), the accompanying condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position at June 30, 2002 and the results of operations for the three- and six-month periods ended June 30, 2002 and 2001 and cash flows for the six-month periods ended June 30, 2002 and 2001. The results of operations for the three-and six-month periods ended June 30, 2002, are not necessarily indicative of results that may be expected for the year ending December 31, 2002.

   The condensed consolidated financial statements include the accounts of the Holding Company and its two subsidiaries, First Federal Savings Bank of Lake County (the "Bank") and First Alliance Title, LLC, and the Bank's wholly-owned subsidiary, Lake County Service Corporation (together, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Loans. The following table sets forth the composition of the Bank's loan portfolio in dollar amounts and percentages at the dates indicated (in thousands):

	At June 30, 2002		At December 31, 2	
	Amount	% of Total	Amount	T
Mortgage loans:				
One-to-four-family residential	$ 427,149	56.41%	$ 413,712	5
Construction and land	25,869	3.42	22,951	
Multi-family units	22,698	3.00	20,304	
Commercial real estate, churches and other	124,038	16.38	108,804	1
Total mortgage loans	599,754	79.21	565,771	8
Consumer loans	132,220	17.46	119,357	1
Commercial loans	25,179	3.33	18,814	
Total loans (1)	757,153	100.00%	703,942	10
Less:				
Loans in process	(23,177)		(14,310)	
Net deferred loan costs	765		592	
Allowance for loan losses (2)	(4,701)		(4,289)	
Loans, net	$ 730,040		$ 685,935	

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(1) Total loans outstanding by department consists of the following (in thousands):

	At			
	June 30, 2002		December 31, 2001	
	Amount	% of Total	Amount	% of Total
Residential	$ 418,248	55.24%	$ 403,897	57.37%
Commercial	204,441	27.00	180,688	25.67
Consumer	134,464	17.76	119,357	16.96
	$ 757,153	100.00%	$ 703,942	100.00%

(continued)

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

2. Loans, Continued.

(2) Total allowance for loan losses by department consist of the following (in thousands):

	At			
	June 30, 2002		December 31, 2001	
	Amount	% to Gross Loans	Amount	% to Gross Loans
Residential	$1,189	.28%	$1,229	.30%

Commercial	2,534	1.24	2,039	1.13
Consumer	978	.73	1,021	.86
	$4,701	.62%	$4,289	.61%

Total gross loans originated by department, including unfunded construction and line of credit loans, consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Residential	$40,076	26,475	70,953	45,539
Commercial	30,102	24,758	54,110	48,824
Consumer	24,378	18,680	42,481	36,562
	$94,556	69,913	167,544	130,925

3. Loan Impairment and Loan Losses. The Company prepares a quarterly review of the adequacy of the allowance for loan losses to also identify and value impaired loans in accordance with guidance in the Statements of Financial Accounting Standards No. 114 and 118.

An analysis of the change in the allowance for loan losses was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Beginning balance	$ 4,273	3,773	4,289	3,552
Provision for loan losses	613	325	871	600
Net loans charged-off	(185)	(44)	(459)	(98)
Ending balance	$ 4,701	4,054	4,701	4,054

(continued)

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

3. Loan Impairment and Loan Losses, Continued. There were no impaired loans at June 30, 2002. The following summarizes the amount of impaired loans at December 31, 2001, all of which were collateral dependent (in thousands):

Loans identified as impaired:	
Gross loans with no related allowance for losses	$ --
Gross loans with related allowance for losses recorded	306
Less: Allowances on these loans	(150)
Net investment in impaired loans	$ 156

The average net investment in impaired loans and interest income recognized and received on impaired loans was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Average net investment in impaired loans	$ --	857	19	730
Interest income recognized on impaired loans	$ --	70	--	81
Interest income received on impaired loans	$ --	70	--	81

During the three months ended June 30, 2001, an impaired loan in the amount of $1.3 million was repaid.

(continued)

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

4. Income Per Share of Common Stock. Basic income per share of common stock has been computed by dividing the net income for the period by the weighted-average number of shares outstanding. Shares of common stock purchased by the RRP incentive plans are only considered outstanding when the shares are released or committed to be released for allocation to participants. Diluted income per share is computed by dividing net income by the weighted-average number of shares outstanding including the dilutive effect of stock options computed using the treasury stock method. The following table presents the calculation of basic and diluted income per share of common stock:

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Weighted-average shares of common stock issued and outstanding before adjustments for RRP and common stock options	3,573,961	3,540,099
Adjustment to reflect the effect of unallocated RRP shares	(2,735)	(2,735)
Weighted-average shares for basic income per share	3,571,226	3,537,364
Basic income per share of common stock	$ .62	.41
Total weighted-average common shares and equivalents outstanding for basic income per share computation	3,571,226	3,537,364
Additional dilutive shares using the average market value for the period utilizing the treasury stock method regarding stock options	74,608	92,233
Weighted-average common shares and equivalents outstanding for diluted income per share	3,645,834	3,629,597
Diluted income per share of common stock	$ .60	.40

5. Stock Option Plan. At the Company's annual meeting in May 2002, the stockholders approved the 2002 Stock Option Plan (the "Plan"). Under this Plan, up to 250,000 options can be granted to directors, officers or employees of the Company. As of June 30, 2002, no options have been granted under the Plan.

6. Reclassifications. Certain amounts in the 2001 condensed consolidated financial statements have been reclassified to conform to the presentation for 2002.

FFLC BANCORP, INC.

Review by Independent Certified Public Accountants

Hacker, Johnson & Smith PA, the Company's independent certified public accountants, have made a limited review of the financial data as of June 30, 2002, and for the three- and six-month periods ended June 30, 2002 and 2001 presented in this document, in accordance with standards established by the American Institute of Certified Public Accountants.

Their report furnished pursuant to Article 10 of Regulation S-X is included herein.

Report on Review by Independent Certified Public Accountants

The Board of Directors
FFLC Bancorp, Inc.
Leesburg, Florida:

We have reviewed the accompanying condensed consolidated balance sheet of FFLC Bancorp, Inc. and Subsidiaries (the "Company") as of June 30, 2002, the related condensed consolidated statements of income for the three- and six-month periods ended June 30, 2002 and 2001, the related condensed consolidated statement of changes in stockholders' equity for the six-month period ended June 30, 2002 and the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 11, 2002 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2001, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

HACKER, JOHNSON & SMITH PA
Orlando, Florida
July 10, 2002

FFLC BANCORP, INC.

Management's Discussion and Analysis
of Financial Condition and Results of Operations

General

FFLC Bancorp, Inc., (the "Holding Company") is the holding company for its wholly-owned subsidiary, First Federal Savings Bank of Lake County (the "Bank"), its 90% owned subsidiary, First Alliance Title, LLC, and the Bank's wholly-owned subsidiary, Lake County Service Corporation (together, the "Company"). The Company's consolidated results of operations are primarily those of the Bank.

The Bank's principal business continues to be attracting retail deposits from the general public and investing those deposits, together with principal repayments on loans and investments and funds generated from operations, primarily in mortgage loans secured by one-to-four-family, owner-occupied homes, commercial loans, consumer loans and, to a lesser extent, construction loans, other loans, and multi-family residential mortgage loans. In addition, the Bank holds investments permitted by federal laws and regulations including securities issued by the U.S. Government and agencies thereof. The Bank's revenues are derived principally from interest on its loan and mortgage-backed securities portfolios and interest and dividends on its investment securities. The Bank is a member of the Federal Home Loan Bank ("FHLB") system and its deposits are insured to the applicable limits by the Savings Association Insurance Fund ("SAIF") of the Federal Deposit Insurance Corporation (the "FDIC"). The Bank is subject to regulation by the Office of Thrift Supervision (the "OTS") as its chartering agency, and the FDIC as its deposit insurer.

The Bank has 12 full-service banking facilities in Lake, Sumter and Citrus Counties, Florida, and has a new branch under construction in the Clermont area of Lake County. That branch is expected to open in the fourth quarter of 2002. The Bank has also purchased two former branch sites from another bank, one located in Marion County, and the other located in Lake County, where the Bank expects to open branches in the fourth quarter of 2002. The site acquired in Lake County will replace the Bank's existing Lake Square office and provide the Bank with a larger facility needed to accommodate the continued growth of that branch.

The Company's results of operations depend primarily on net interest income, which is the difference between the interest income earned primarily on its loan and securities portfolios, and its cost of funds, consisting of the interest paid on its deposits and borrowings. The Company's operating results are also affected, to a lesser extent, by fee income. The Company's operating expenses consist primarily of salaries and employee benefits, occupancy expenses, and other general and administrative expenses. The Company's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in market interest rates, government policies, and actions of regulatory authorities.

Capital Resources

The Bank's primary sources of funds include proceeds from payments and prepayments on mortgage loans and mortgage-backed securities, proceeds from maturities of investment securities and increases in deposits. While maturities and scheduled amortization of loans and investment securities are predictable sources of funds, deposit inflows and mortgage prepayments are greatly influenced by local conditions, general interest rates, and regulatory changes.

At June 30, 2002, the Bank had outstanding commitments to originate $16.7 million of loans, commitments to fund approximately $23.2 million of the undisbursed portion of loans in process and undisbursed lines of credit of approximately $53.4 million. The Bank believes that it will have sufficient funds available to meet its commitments. At June 30, 2002, certificates of deposit which were scheduled to mature in one year or less totaled $310.2 million. Based on past experience, management believes, that a significant portion of those funds will remain with the Bank.

The Bank is subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can require regulators to initiate certain mandatory- and possibly additional discretionary-actions that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts (set forth in the table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined). Management believes that, as of June 30, 2002, the Bank meets all capital adequacy requirements to which it is subject.

FFLC BANCORP, INC.

As of June 30, 2002, the most recent notification from the OTS categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum tangible, Tier I (core), Tier I (risk-based) and total risk-based capital percentages as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts and percentages at June 30, 2002 are also presented in the table.

	Actual		Minimum For Capital Adequacy Purposes		Cor
	%	Amount	%	Amount	
				($ in thousands)	
Stockholders' equity, and ratio to total assets	7.2%	$ 64,604			
Less: investment in nonincludable subsidiary		(510)			
Less: unrealized gain on securities available for sale		(522)			
Tangible capital, and ratio to adjusted total assets	7.1%	$ 63,572	1.5%	$ 13,366	
Tier 1 (core) capital, and ratio to adjusted total assets	7.1%	$ 63,572	3.0%	$ 26,732	5
Tier 1 capital, and ratio to risk-weighted assets	11.1%	63,572	4.0%	$ 22,930	6
Less: Nonincludable investment in 80% land loans		(344)			
Tier 2 capital (allowance for loan losses)		4,541			
Total risk-based capital, and ratio to risk-weighted assets	11.8%	$ 67,769	8.0%	$ 45,860	1

Total assets	$ 892,089
Adjusted total assets	$ 891,063
Risk-weighted assets	$ 573,244

FFLC BANCORP, INC.

The following table shows selected ratios for the periods ended or at the dates indicated:

	Six Months Ended June 30, 2002	Year Ended December 31, 2001	Si J
Average equity as a percentage of average assets	7.83%	8.05%	
Total equity to total assets at end of period	7.57%	7.78%	
Return on average assets (1)	1.05%	.82%	
Return on average equity (1)	13.38%	10.20%	
Noninterest expense to average assets (1)	1.67%	1.68%	
Nonperforming assets to total assets at end of period	.22%	.28%	
Operating efficiency ratio (1)	47.10%	53.63%	5

(1) Annualized for the six months ended June 30, 2002 and 2001.

	At June 30, 2002	At December 31, 2001	At June 30, 2001
Weighted-average interest rates:			
Interest-earning assets:			
Loans	7.33%	7.61%	7.96%
Securities	4.68%	5.16%	5.86%

Other interest-earning assets	2.70%	2.48%	5.05%
Total interest-earning assets	6.94%	7.17%	7.74%
Interest-bearing liabilities:			
Interest-bearing deposits	3.41%	3.85%	5.12%
Borrowed funds	5.16%	5.44%	5.85%
Total interest-bearing liabilities	3.80%	4.22%	5.28%
Interest-rate spread	3.14%	2.95%	2.46%

Change in Financial Condition

Total assets increased $68.8 million or 8.4%, from $823.2 million at December 31, 2001 to $891.9 million at June 30, 2002 primarily as a result of a $44.1 million increase in net loans and an increase in cash and cash equivalents of $14.1 million. Deposits increased $51.4 million from $585.1 million at December 31, 2001 to $636.5 million at June 30, 2002. The $3.4 million net increase in stockholders' equity during the six months ended June 30, 2002 resulted from net income of $4.4 million, proceeds of $169,000 from stock options exercised and a $38,000, net of tax increase in unrealized gains on securities available for sale, partially offset by repurchases of the Company's stock of $188,000 and dividends paid of $999,000.

FFLC BANCORP, INC.

Results of Operations

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest and dividend income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average costs; (iii) net interest/dividend income; (iv) interest-rate spread; and (v) net interest margin. Yields and costs were derived by dividing annualized income or expense by the average balance of assets or liabilities, respectively, for the periods shown. The average balance of loans includes loans on which the Company has discontinued accruing interest. The yields and costs include fees which are considered to constitute adjustments to yields.

	Thr		
	2002		
	Average Balance	Interest and Dividends	Average Yield/ Cost
	($		
Interest-earning assets:			
Loans	$717,233	13,180	7.35%
Securities	76,542	779	4.07
Other interest-earning assets (1)	18,696	184	3.94
--	------	---	
Total interest-earning assets	812,471	14,143	6.96

Noninterest-earning assets	42,125		
Total assets	$854,596		
Interest-bearing liabilities:			
NOW and money-market accounts	125,838	405	1.29
Savings accounts	22,896	57	1.00
Certificates	438,890	4,492	4.09
Federal Home Loan Bank advances	160,044	2,253	5.63
Other borrowed funds	15,785	77	1.95
Total interest-bearing liabilities	763,453	7,284	3.82
Noninterest-bearing deposits	15,985		
Noninterest-bearing liabilities	8,262		
Stockholders' equity	66,896		
Total liabilities and stockholders' equity	$854,596		
Net interest income		$ 6,859	
Interest-rate spread (2)			3.14%
Net interest-earning assets, net interest margin (3)	$ 49,018		3.38%
Ratio of interest-earning assets to interest-bearing liabilities	1.06		

(1) Includes interest-bearing deposits and Federal Home Loan Bank stock.
(2) Interest-rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(3) Net interest margin is annualized net interest income divided by average interest-earning assets.

FFLC BANCORP, INC.

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest and dividend income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average cost; (iii) net interest and dividend income; (iv) interest-rate spread; and (v) net interest margin. Yields and costs were derived by dividing annualized income or expense by the average balance of assets or liabilities, respectively, for the periods shown. The average balance of loans includes loans on which the Company has discontinued accruing interest. The yields and costs include fees which are considered to constitute adjustments to yields.

	Six Months			
	2002			
	Average Balance	Interest and Dividends	Average Yield/ Cost	Averag Balanc
Interest-earning assets:				
Loans	$703,908	26,047	7.40%	$63
Securities	74,891	1,540	4.11	4
Other interest-earning assets (1)	25,122	424	3.38	2
Total interest-earning assets	803,921	28,011	6.97	70
Noninterest-earning assets	40,319			3
Total assets	$844,240			$73
Interest-bearing liabilities:				
NOW and money-market accounts	122,941	805	1.31	8
Savings accounts	22,637	113	1.00	1
Certificates	437,139	9,254	4.23	41
Federal Home Loan Bank advances	157,039	4,455	5.67	12
Other borrowed funds	14,904	148	1.99	
Total interest-bearing liabilities	754,660	14,775	3.92	65
Noninterest-bearing deposits	15,488			1
Noninterest-bearing liabilities	7,996			
Stockholders' equity	66,096			6
Total liabilities and stockholders' equity	$844,240			$73
Net interest income		$13,236		
Interest-rate spread (2)			3.05%	

Net interest-earning assets, net interest margin (3)	$ 49,261	3.29%	$4
	=======	====	=
Ratio of interest-earning assets to interest-bearing liabilities	1.07		
	====		

(1) Includes interest-bearing deposits and Federal Home Loan Bank stock
(2) Interest-rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(3) Net interest margin is annualized net interest income divided by average interest-earning assets.

FFLC BANCORP, INC.

Comparison of the Three-Month Periods Ended June 30, 2002 and 2001

General Operating Results. Net income for the three-month period ended June 30, 2002 was $2.2 million, or $.62 per basic share and $.60 per diluted share, compared to $1.5 million, or $.41 per basic share and $.40 per diluted share, for the comparable period in 2001. The increase in net income was primarily a result of an increase of $1.8 million in net interest income, partially offset by an increase of $545,000 in noninterest expense.

Interest Income. Interest income decreased $43,000 to $14.1 million for the three-month period ended June 30, 2002. The decrease was due to a decrease in the average yield earned on interest-earning assets from 7.94% for the three months ended June 30, 2001 to 6.96% for the three months ended June 30, 2002, partially offset by a $97.4 million or 13.6% increase in average interest-earning assets outstanding for the three months ended June 30, 2002 compared to the 2001 period.

Interest Expense. Interest expense decreased $1.9 million or 20.4%, from $9.1 million for the three-month period ended June 30, 2001 to $7.3 million for the three-month period ended June 30, 2002. The decrease was due primarily to a decrease in the average cost of interest-bearing liabilities from 5.49% for the three months ended June 30, 2001 to 3.82% for the comparable 2002 period, partially offset by increases of $59.1 million and $38.1 million in average interest-bearing deposits and borrowings outstanding, respectively. Average interest-bearing deposits increased from $528.5 million outstanding during the three months ended June 30, 2001 to $587.6 million outstanding during the comparable period for 2002. Average borrowings increased from $137.7 million during the three months ended June 30, 2001 to $175.8 million for the comparable 2002 period.

Provision for Loan Losses. The provision for loan losses is charged to income to increase the total allowance to a level deemed appropriate by management and is based upon the volume and type of lending conducted by the Company, charge-off experience, industry standards, the amount of nonperforming loans, general economic conditions, particularly as they relate to the Company's market area, and other factors related to the collectibility of the Company's loan portfolio. The Company recorded provisions for loan losses for the three-month periods ended June 30, 2002 and 2001 of $613,000 and $325,000, respectively. Net loans charged off for the three-month periods ended June 30, 2002 and 2001 were $185,000 and $44,000, respectively. The allowance for loan losses was $4.7 million or .62% of gross loans at June 30, 2002. Management believes the allowance is adequate at June 30, 2002.

Noninterest Income. Noninterest income increased $151,000 or 21.7% from $695,000 during the 2001 period to $846,000 during the 2002 period. The increase was mainly due to a $93,000 increase in other service charges and fees.

Noninterest Expense. Noninterest expense increased by $545,000 or 17.9% from $3.1 million for the three-month period ended June 30, 2001 to $3.6 million for the three-month period ended June 30, 2002. The increase was primarily due to increases of $370,000 in salaries and employee benefits and $96,000 in occupancy expense related to the overall growth of the Company.

Income Tax Provision. The income tax provision increased from $882,000 for the three-month period ended June 30, 2001 (an effective tax rate of 37.5%) to $1.3 million (an effective tax rate of 36.7%) for the corresponding period in 2002.

FFLC BANCORP, INC.

Comparison of the Six-Month Periods Ended June 30, 2002 and 2001

General Operating Results. Net income for the six-month period ended June 30, 2002 was $4.4 million, or $1.24 per basic share and $1.21 per diluted share, compared to $2.9 million, or $.82 per basic share and $.80 per diluted share, for the comparable period in 2001. This increase was mainly due to an increase in net interest income of $3.3 million, partially offset by a increase in noninterest expense of $1.0 million.

Interest Income. Interest income decreased $10,000 to $28.0 million for the six months ended June 30, 2002. The decrease was due to a decrease in the average yield earned on interest-earning assets from 7.96% for the six months ended June 30, 2001 to 6.97% for the six months ended June 30, 2002, partially offset by a $99.7 million or 14.2% increase in average interest-earning assets outstanding for the six months ended June 30, 2002 compared to the 2001 period.

Interest Expense. Interest expense decreased $3.3 million or 18.2%, from $18.1 million for the six-month period ended June 30, 2001 to $14.8 million for the six-month period ended June 30, 2002. The decrease was due primarily to a decrease in the average cost of interest-bearing liabilities from 5.51% for the six months ended June 30, 2001 to 3.92% for the comparable 2002 period, partially offset by increases of $61.0 million and $37.4 million in average interest-bearing deposits and borrowings outstanding, respectively. Average interest-bearing deposits increased from $521.7 million outstanding during the six months ended June 30, 2001 to $582.7 million outstanding during the comparable period for 2002. Average borrowings increased from $134.5 million outstanding during the six months ended June 30, 2001 to $171.9 million for the comparable 2002 period.

Provision for Loan Losses. The provision for loan losses is charged to income to increase the total allowance to a level deemed appropriate by management and is based upon the volume and type of lending conducted by the Company, charge-off experience, industry standards, the amount of nonperforming loans, general economic conditions, particularly as they relate to the Company's market area, and other factors related to the collectibility of the Company's loan portfolio. The Company recorded provisions for loan losses for the six-month periods ended June 30, 2002 and 2001 of $871,000 and $600,000, respectively. Net loans charged off for the six-month periods ended June 30, 2002 and 2001 were $459,000 and $98,000, respectively. The allowance for loan losses was $4.7 million or .62% of gross loans at June 30, 2002. Management believes the allowance is adequate at June 30, 2002.

Noninterest Income. Noninterest income increased $404,000, or 30.8% from $1.3 million for the six months ended June 30, 2001 to $1.7 million for the comparable period in 2002. This was mainly due to an increase of $228,000 in other service charges and fees.

Noninterest Expense. Noninterest expense increased by $1.0 million or 17.1%, from $6.0 million for the six-month period ended June 30, 2001 to $7.0 million for the six-month period ended June 30, 2002. The increase was primarily due to increases in salaries and employee benefits of $679,000 and occupancy expense of $188,000 related to the overall growth of the Company.

Income Tax Provision. The income tax provision was $2.6 million for the six-month period ended June 30, 2002 (an effective tax rate of 37.2%) compared to $1.7 million (an effective tax rate of 37.5%) for the corresponding period for 2001.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. The Company's market risk arises primarily from interest-rate risk inherent in its lending and deposit taking activities. The Company has little or no risk related to trading accounts, commodities or foreign exchange.

The Company does not engage in trading or hedging activities and does not invest in interest-rate derivatives or enter into interest rate swaps. Management actively monitors and manages its interest rate risk exposure. The primary objective in managing interest-rate risk is to limit, within established guidelines, the adverse impact of changes in interest rates on the Company's net interest income and capital, while adjusting the Company's asset-liability structure to obtain the maximum yield-cost spread on that structure. Management relies primarily on its asset-liability structure to control interest rate risk. However, a sudden and substantial increase in interest rates could adversely impact the Company's earnings, to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent, or on the same basis. There have been no significant changes in the Company's market risk exposure since December 31, 2001.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceeding to which FFLC Bancorp, Inc. or any of its subsidiaries is a party or to which any of their property is subject.

Item 2. Changes in Securities

Not applicable

Item 3. Default upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders (the "Annual Meeting") of FFLC Bancorp, Inc. was held on May 9, 2002, to consider the election of two directors each for a term of three years, approval of the 2002 Stock Option Plan and the ratification of the appointment of the Company's independent auditors for the year ending December 31, 2002. At the Annual Meeting, incumbent Directors James P. Logan and Ted R. Ostrander, Jr., were reelected. The terms of Directors Howard H. Hewitt, H.D. Robuck, Jr., Stephen T. Kurtz, Joseph J. Junod, Claron D. Wagner and Paul K. Mueller continued after the Annual Meeting.

At the Annual Meeting, 2,980,401 shares were present in person or by proxy. The following is a summary and tabulation of the matters that were voted upon at the Annual Meeting:

Item 4. Submission of Matters to a Vote of Security Holders, Continued

Proposal I.

The election of two directors, each for a term of three years:

	For	Withheld	Against
James P. Logan	2,941,217	39,184	--
Ted R. Ostrander, Jr	2,941,217	39,184	--

Proposal II:

To approve the 2002 Stock Option Plan:

For	Withheld	Against
2,361,157	--	111,895

Proposal III:

To ratify the appointment of Hacker, Johnson & Smith PA as the Company's independent auditors for the year ending December 31, 2002

For	Withheld	Against	Abstentions and Broker Nonvotes
2,927,267	--	3,744	49,390

Item 5. Other Information

Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report.

3.1 Certificate of Incorporation of FFLC Bancorp, Inc.*

3.2 Bylaws of FFLC Bancorp, Inc. ***

4.0 Stock Certificate of FFLC Bancorp, Inc.*

10.1 First Federal Savings Bank of Lake County Recognition and Retention Plan**

10.2 First Federal Savings Bank of Lake County Recognition and Retention Plan for Outside Directors**

10.3 FFLC Bancorp, Inc. Incentive Stock Option Plans for Officers and Employees**

10.4	FFLC Bancorp, Inc. Stock Option Plan for Outside Directors**
99.1	CEO Certifications required under Section 906 of Sarbanes-Oxley Act of 2002
99.2	CFO Certifications required under Section 906 of Sarbanes-Oxley Act of 2002

* Incorporated herein by reference into this document from the Exhibits to Form S-1, Registration Statement, initially filed on September 27, 1993, Registration No. 33-69466.

** Incorporated herein by reference into this document from the Proxy Statement for the Annual Meeting of Stockholders held on May 12, 1994.

*** Incorporated herein by reference into this document from the September 30, 1999 FFLC Bancorp, Inc. Form 10-Q filed November 3, 1999.

(b) There were no reports on Form 8-K filed during the three months ended June 30, 2002.

FFLC BANCORP, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FFLC BANCORP, INC.
(Registrant)

Date: August 6, 2002 By: /s/ Stephen T. Kurtz

Stephen T. Kurtz, President and Chief Executive Officer

Date: August 6, 2002 By: /s/ Paul K. Mueller

Paul K. Mueller, Executive Vice President and Treasurer