FFLC BANCORP INC
Form 10-Q
July 30, 2001

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, 2001

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	3,566,785 shares outstanding at July 23, 2001

FFLC BANCORP, INC.

INDEX

FFLC BANCORP, INC.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	At June 30, 2001 (unaudited)	At December 31 2000
Assets		
Cash and due from banks	$ 18,336	16,036
Interest-bearing deposits	10,735	14,445
Cash and cash equivalents	29,071	30,481
Securities available for sale	51,501	42,717
Loans, net of allowance for loan losses of $4,054 in 2001 and $3,552 in 2000	656,708	615,484
Accrued interest receivable	3,908	3,750
Premises and equipment, net	12,642	11,490
Foreclosed real estate	133	276
Federal Home Loan Bank stock, at cost	6,950	6,150
Other assets	1,121	1,145
Total	$ 762,034	711,493
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	13,308	13,335
NOW and money-market accounts	98,253	86,509
Savings accounts	19,878	19,143
Certificates	416,327	399,898
Total deposits	547,766	518,885
Advances from Federal Home Loan Bank	139,000	123,000
Other borrowed funds	12,501	6,376
Accrued expenses and other liabilities	1,277	3,949
Total liabilities	700,544	652,210

Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none outstanding	--	--
Common stock, $.01 par value, 9,000,000 shares authorized, 4,519,072 in 2001 and 4,491,646 in 2000 shares issued	45	45
Additional paid-in-capital	31,207	31,010
Retained income	49,118	47,132
Accumulated other comprehensive income	342	81
Treasury stock, at cost (972,547 shares in 2001 and 959,085 shares in 2000)	(19,222)	(18,985)
Total stockholders' equity	61,490	59,283
Total	$ 762,034	711,493

See accompanying Notes to Condensed Consolidated Financial Statements.

2

FFLC BANCORP, INC.

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

	Three Months Ended June 30,		Six Mont Jun
	2001	2000	2001
Interest income:			
Loans	$ 13,346	11,055	26,295
Securities available for sale	727	559	1,441
Other interest-earning assets	271	248	587
Total interest income	14,344	11,862	28,323
Interest expense:			
Deposits	7,045	5,419	13,978
Borrowed funds	2,104	1,597	4,092
Total interest expense	9,149	7,016	18,070
Net interest income	5,195	4,846	10,253
Provision for loan losses	325	260	600
Net interest income after provision			

for loan losses	4,870	4,586	9,653
Noninterest income:			
Deposit account fees	204	201	421
Other service charges and fees	279	178	482
Other	54	64	105
Total noninterest income	537	443	1,008
Noninterest expense:			
Salaries and employee benefits	1,778	1,666	3,497
Occupancy	489	446	970
Deposit insurance premium	25	22	49
Data processing	248	210	494
Professional services	75	75	134
Advertising and promotion	102	76	208
Other	335	296	663
Total noninterest expense	3,052	2,791	6,015
Income before income taxes	2,355	2,238	4,646
Income taxes	882	861	1,741
Net income	$ 1,473	1,377	2,905
Basic income per share of common stock	$ .41	.39	.82
Weighted-average number of shares outstanding for basic	3,537,364	3,556,124	3,536,243
Diluted income per share of common stock	$ .40	.38	.80
Weighted-average number of shares outstanding for diluted	3,629,597	3,624,812	3,625,623
Dividends per share	$ .13	.12	.26

See accompanying Notes to Condensed Consolidated Financial Statements

3

FFLC BANCORP, INC.

Condensed Consolidated Statement of Changes in Stockholders' Equity

Six Months Ended June 30, 2001 (Unaudited)

($ in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Ret In
Balance at December 31, 2000	$ 45	31,010	(18,985)	4
Comprehensive income:				
Net income (unaudited)	--	--	--	
Net change in unrealized gain on securities available for sale, net of income taxes of $157 (unaudited)	--	--	--	
Comprehensive income (unaudited)				
Net proceeds from the issuance of 27,426 shares of common stock, stock options exercised (unaudited)	--	197	--	
Dividends paid (unaudited)	--	--	--	
Purchase of treasury stock, 13,462 shares (unaudited)	--	--	(237)	
Balance at June 30, 2001(unaudited)	$ 45	31,207	(19,222)	4

See accompanying Notes to Condensed Consolidated Financial Statements.

4

FFLC BANCORP, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Si 20
Cash flows from operating activities:	
Net income	$ 2,
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 real estate	
Shares committed and dividends to incentive plan participants	
Net amortization of premiums or discounts on securities	
Net deferral of loan fees and costs	
Increase in accrued interest receivable	(
Increase in other assets	
(Decrease) increase in accrued expenses and other liabilities	(2,
Net cash provided by operating activities	
Cash flows from investing activities:	
Proceeds from maturities and principal repayments on securities available for sale	6,
Purchase of securities available for sale	(14,
Loan disbursements	(92,
Principal repayments on loans	50,
Purchase of premises and equipment, net	(1,
Purchase of Federal Home Loan Bank stock	(
Proceeds from sales of foreclosed real estate	
Net cash used in investing activities	(52,
Cash flows from financing activities:	
Net increase in deposits	28,
Net increase in advances from Federal Home Loan Bank	16,
Net increase in other borrowed funds	6,
Issuance of common stock	
Purchase of treasury stock	(
Dividends paid on common stock	(
Net cash provided by financing activities	50,
Net decrease in cash and cash equivalents	(1,
Cash and cash equivalents at beginning of period	30,
Cash and cash equivalents at end of period	$ 29,

(continued)

5

FFLC BANCORP, INC.

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

Six Months

	June 3
	2001
Supplemental disclosures of cash flow information: Cash paid during the period for:	
Interest	$18,019
Income taxes	$ 1,965
Noncash investing and financing activities:	
Accumulated other comprehensive income (loss), net change in unrealized gain (loss) on securities available for sale, net of tax	$ 261
Transfer from loans to foreclosed real estate	$ 205
Loans originated on sales of foreclosed real estate	$ 84
Loans funded by and sold to correspondent	$ 8,468

See accompanying Notes to Condensed Consolidated Financial Statements.

6

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 accompanying condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position at June 30, 2001 and the results of operations for the three- and six-month periods ended June 30, 2001 and 2000 and cash flows for the six-month periods ended June 30, 2001 and 2000. The results of operations for the three-and six-month periods ended June 30, 2001, are not necessarily indicative of results that may be expected for the year ending December 31, 2001.

   The condensed consolidated financial statements include the accounts of FFLC Bancorp, Inc. (the "Holding Company"), its wholly-owned subsidiary, First Federal Savings Bank of Lake County (the "Bank") 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, 2001	
	Amount	% of Total
Mortgage loans:		
One-to-four-family	$ 412,805	61.50%
Construction and land	22,050	3.29
Multi-family	19,923	2.97
Commercial real estate	92,586	13.79
Total mortgage loans	547,364	81.55
Consumer loans	107,354	15.99
Commercial loans	16,502	2.46
Total loans (1)	671,220	100.00%
Less:		
Loans in process	(11,114)	
Unearned discounts, premiums and deferred loan fees, net (includes dealer prepaid fees)	656	
Allowance for loan losses	(4,054)	
Loans, net	$ 656,708	

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

	At		
	June 30, 2001		De
	Amount	% of Total	A
Residential	$ 406,724	60.60%	$ 4
Commercial	157,141	23.41	1
Consumer	107,354	15.99	
	$ 671,220	100.00%	$ 6

(continued)

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

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 Nos. 114 and 118.

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

	Three Months Ended June 30,		S
	2001	2000	2
Beginning balance	$ 3,773	2,980	3,
Provision for loan losses	325	260	
Net loans charged-off	(44)	(58)	
Ending balance	$ 4,054	3,182	4,

The following summarizes the amount of impaired loans, all of which are collateral dependent (in thousands):

	June 30, 2001
Loans identified as impaired:	
Gross loans with no related allowance for losses	$ --
Gross loans with related allowance for losses recorded	571
Less: Allowances on these loans	(200)
Net investment in impaired loans	$ 371

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,		S
	2001	2000	2
Average net investment in impaired loans	$ 857	1,093	

Interest income recognized on impaired loans	$ 70	9	
Interest income received on impaired loans	$ 70	9	

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. Per Share Amounts. Basic income per share of common stock has been determined by dividing net income for the period by the weighted-average number of shares outstanding. Shares of common stock purchased by the ESOP and RRP incentive plans are only considered outstanding when the shares are released for allocation to participants. Dilutive 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 weighted-average number of shares:

	Three Months Ended June 30,	
	2001	2000
Weighted-average shares of common stock issued and outstanding before adjustments for ESOP, RRP and common stock options	3,540,099	3,593,584
Adjustment to reflect the effect of unallocated ESOP and RRP shares	(2,735)	(37,460)
Weighted-average shares for basic income per share	3,537,364	3,556,124
Basic income per share	$ .41	.39
Total weighted-average common shares and equivalents outstanding for basic income per share computation	3,537,364	3,556,124
Additional dilutive shares using the average market value for the period utilizing the treasury stock method regarding stock options	92,233	68,688
Weighted-average common shares and equivalents outstanding for diluted income per share	3,629,597	3,624,812

Diluted income per share	$ .40	.38
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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, 2001, and for the three- and six-month periods ended June 30, 2001 and 2000 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 Subsidiary (the "Company") as of June 30, 2001, the related condensed consolidated statements of income for the three- and six-month periods ended June 30, 2001 and 2000, the related condensed consolidated statement of changes in stockholders' equity for the six-month period ended June 30, 2001 and the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2001 and 2000. These financial statements are the responsibility of the Company's management.

We conducted our review 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 review, 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, 2000, 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 12, 2001 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, 2000, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

HACKER, JOHNSON & SMITH PA
Tampa, Florida
July 6, 2001

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 First Federal Savings Bank of Lake County (the "Bank") and its 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, securities and, to a lesser extent, construction loans, consumer and 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 Company'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 locations in Lake, Sumter and Citrus Counties, Florida.

The Company's results of operations are dependent 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, deposit insurance premiums 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.

Liquidity and Capital Resources

The Company's most liquid assets are cash, amounts due from depository institutions and interest-bearing deposits. The levels of these assets are dependent on the Company's lending, investing, operating, and deposit activities during any given period. At June 30, 2001, cash, amounts due from depository institutions and interest-bearing deposits, totaled $29.1 million.

The OTS has issued an interim final rule that removes the regulatory provisions establishing the required liquidity level and containing the definitions needed to calculate the level. The repeal of Section 6 of HOLA, and the removal of the regulatory section, places savings associations on the same basis as other insured depositories that do not have statutorily mandated liquidity requirements. Instead of a specific regulation, the OTS has amended its management and financial policies to provide that savings associations and their service corporations must be well managed and operate on a safe and sound basis. As part of meeting those requirements, each savings association and its service corporation must maintain sufficient liquidity to ensure its safe and sound operation. The Bank continued to maintain an adequate liquidity level at June 30, 2001.

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 and Federal Home Loan Bank advances. 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, 2001, the Bank had outstanding commitments to originate $15.8 million of loans and to fund the undisbursed portion of loans in process of approximately $11.1 million and undisbursed lines of credit of approximately $43.5 million. The Bank believes that it will have sufficient funds available to meet its commitments. At June 30, 2001, certificates of deposit which were scheduled to mature in one year or less totaled $326.6 million. Management believes, based on past experience, 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 below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined). Management believes, as of June 30, 2001, that the Bank meets all capital adequacy requirements to which it is subject.

13

FFLC BANCORP, INC.

As of June 30, 2001, 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, 2001 are also presented in the table.

	Actual		Minimum For Capital Adequacy Purposes	
	%	Amount	%	Amount
				($ in th
Stockholders' equity, and ratio to total assets	7.6%	$ 58,005		
Less: investment in nonincludable subsidiary		(483)		
Less: unrealized gain on securities available for sale		(416)		
Tangible capital, and ratio to adjusted total assets	7.5%	$ 57,106	1.5%	$ 11,420
Tier 1 (core) capital, and ratio to adjusted total assets	7.5%	$ 57,106	3.0%	$ 22,840
Tier 1 capital, and ratio to risk-weighted assets	11.6%	57,106	4.0%	$ 19,651
Less: Nonincludable investment				

in 80% land loans		(318)		
Tier 2 capital (allowance for loan losses)		3,714		
Total risk-based capital, and ratio to risk-weighted assets	12.3%	$ 60,502	8.0%	$ 39,301
Total assets		$ 762,236		
Adjusted total assets		$ 761,337		
Risk-weighted assets		$ 491,265		

14

FFLC BANCORP, INC.

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

	Six Months Ended June 30, 2001	Year Ended December 31, 2000
Average equity as a percentage of average assets	8.22%	8.88%
Total equity to total assets at end of period	8.07%	8.33%
Return on average assets (1)	.79%	.82%
Return on average equity (1)	9.62%	9.24%
Noninterest expense to average assets (1)	1.64%	1.76%
Nonperforming assets to total assets at end of period	.28%	.39%
Operating efficiency ratio (1)	53.41%	54.44%

(1) Annualized for the six months ended June 30, 2001 and 2000.

	At June 30, 2001	At December 31, 2000

Weighted-average interest rates:		
Interest-earning assets:		
Loans	7.96%	8.17%
Securities	5.86%	6.50%
Other interest-earning assets	5.05%	6.55%
Total interest-earning assets	7.74%	8.02%
Interest-bearing liabilities:		
Interest-bearing deposits	5.12%	5.29%
Borrowed funds	5.85%	6.13%
Total interest-bearing liabilities	5.28%	5.51%
Interest-rate spread	2.46%	2.51%

Change in Financial Condition

Total assets increased $50.5 million or 7.1%, from $711.5 million at December 31, 2000 to $762.0 million at June 30, 2001, primarily as a result of an increase in net loans of $41.2 million. Deposits increased $28.9 million from $518.9 million at December 31, 2000 to $547.8 million at June 30, 2001. The $2.2 million net increase in stockholders equity during the six months ended June 30, 2001 resulted from net income of $2.9 million, proceeds of $.2 million from stock options exercised and an increase of $.3 million in accumulated other comprehensive income, partially offset by repurchases of the Company's stock of $.2 million and dividends paid of $.9 million.

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 cost; (iii) net interest and dividend income; (iv) interest-rate spread; and (v) net interest margin. Yields and costs were derived by dividing 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.

	Three Months Ended June			
	2001			
	Average Balance	Interest	Average Yield/ Cost	Averag Balanc
	($ in Thousands)			
Interest-earning assets:				
Loans	$ 646,382	13,346	8.26%	$ 549,07
Securities	47,352	727	6.14	35,31
Other interest-earning assets (1)	21,326	271	5.08	14,51
Total interest-earning assets	715,060	14,344	8.02	598,91

Noninterest-earning assets	32,239			28,92
Total assets	$ 747,299			$ 627,83
Interest-bearing liabilities:				
NOW and money-market accounts	92,137	586	2.54	83,28
Savings accounts	19,592	106	2.16	20,54
Certificates	416,786	6,353	6.10	341,00
Advances from Federal Home Loan Bank	127,022	1,966	6.19	99,31
Other borrowed funds	10,716	138	5.15	5,65
Total interest-bearing liabilities	666,253	9,149	5.49	549,79
Noninterest-bearing deposits	13,588			13,62
Noninterest-bearing liabilities	6,545			7,33
Stockholders' equity	60,913			57,07
Total liabilities and stockholders' equity	$ 747,299			$ 627,83
Net interest income		$ 5,195		
Interest-rate spread (2)			2.53%	
Net average interest-earning assets, net interest margin (3)	$ 48,807		2.91%	$ 49,11
Ratio of average interest-earning assets to average interest-bearing liabilities	1.07			1.0

(1) Includes interest-bearing deposits, federal funds sold 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 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 Ended June			
	2001			
	Average Balance	Interest	Average Yield/ Cost	Averag Balanc
				($
Interest-earning assets:				
Loans	$ 637,656	26,295	8.25%	$ 531,33
Securities	45,493	1,441	6.34	35,95
Other interest-earning assets (1)	21,084	587	5.57	16,79
Total interest-earning assets	704,233	28,323	8.04	584,08
Noninterest-earning assets	30,675			28,85
Total assets	$ 734,908			$ 612,93
Interest-bearing liabilities:				
NOW and money-market accounts	89,943	1,166	2.59	81,06
Savings accounts	19,509	203	2.08	20,85
Certificates	412,272	12,609	6.12	332,29
Advances from Federal Home Loan Bank	125,022	3,862	6.18	96,27
Other borrowed funds	9,524	230	4.83	4,68
Total interest-bearing liabilities	656,270	18,070	5.51	535,17
Noninterest-bearing deposits	13,072			12,99
Noninterest-bearing liabilities	5,187			8,15
Stockholders' equity	60,379			56,60
Total liabilities and stockholders' equity	$ 734,908			$ 612,93
Net interest income		$ 10,253		
Interest-rate spread (2)			2.53%	
Net average interest-earning assets, net interest margin (3)	$ 47,963		2.91%	$ 48,91

	=======	====	======
Ratio of average interest-earning assets to average interest-bearing liabilities	1.07		1.0
	====		===

(1) Includes interest-bearing deposits, federal funds sold 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.

17

FFLC BANCORP, INC.

Comparison of the Three-Month Periods Ended June 30, 2001 and 2000

General Operating Results. Net income for the three-month period ended June 30, 2001 was $1.5 million, or $.41 per basic share and $.40 per diluted share, compared to $1.4 million, or $.39 per basic share and $.38 per diluted share, for the comparable period in 2000. The increase in net income was primarily a result of an increase of $2.5 million in interest income, partially offset by increases of $2.1 million in interest expense and $261,000 in noninterest expense.

Interest Income. Interest income increased $2.5 million or 20.9%, from $11.9 million for the three-month period ended June 30, 2000 to $14.3 million for the three-month period ended June 30, 2001. The increase was due to a $116.1 million or 19.4% increase in average interest-earning assets outstanding for the three months ended June 30, 2001 compared to the 2000 period and an increase in the average yield on interest-earning assets from 7.92% for the three months ended June 30, 2000 to 8.02% for the three months ended June 30, 2001.

Interest Expense. Interest expense increased $2.1 million or 30.4%, from $7.0 million for the three-month period ended June 30, 2000 to $9.1 million for the three-month period ended June 30, 2001. The increase was due primarily to increases of $83.7 million and $32.8 million in average interest-bearing deposits and borrowings outstanding, respectively. Average interest-bearing deposits increased from $444.8 million outstanding during the three months ended June 30, 2000 to $528.5 million outstanding during the comparable period for 2001. Average borrowings increased from $105.0 million during the three months ended June 30, 2000 to $137.7 million for the comparable 2001 period. The average cost of interest-bearing liabilities increased from 5.10% for the three months ended June 30, 2000 to 5.49% for the comparable 2001 period.

Noninterest Income. Noninterest income increased $94,000 or 21.2% from $443,000 during the 2000 period to $537,000 during the 2001 period. The increase was mainly due to a $101,000 increase in other service charges and fees.

Noninterest Expense. Noninterest expense increased by $261,000 or 9.4% from $2.8 million for the three-month period ended June 30, 2000 to $3.1 million for the three-month period ended June 30, 2001. The increase was primarily due to increases of $112,000 in salaries and employee benefits, $43,000 in occupancy expense and $38,000 in data processing expense related to the overall growth of the Company.

Income Tax Provision. The income tax provision increased from $861,000 for the three-month period ended June 30, 2000 (an effective tax rate of 38.5%) to $882,000 (an effective tax rate of 37.5%) for the corresponding period in 2001.

FFLC BANCORP, INC.

Comparison of the Six-Month Periods Ended June 30, 2001 and 2000

General Operating Results. Net income for the six-month period ended June 30, 2001 was $2.9 million, or $.82 per basic share and $.80 per diluted share, compared to $2.7 million, or $.76 per basic share and $.74 per diluted share, for the comparable period in 2000. That increase was mainly due to an increase in interest income of $5.3 million, partially offset by increases in interest expense of $4.7 million and noninterest expense of $468,000.

Interest Income. Interest income increased $5.3 million or 23.2%, from $23.0 million for the six-month period ended June 30, 2000 to $28.3 million for the comparable period in 2001. The increase was due to a $120.1 million or 20.6% increase in average interest-earning assets outstanding for the six months ended June 30, 2001 compared to the 2000 period and an increase in the average yield earned on interest-earning assets from 7.87% for the six months ended June 30, 2000 to 8.04% for the six months ended June 30, 2001.

Interest Expense. Interest expense increased $4.7 million or 34.7%, from $13.4 million for the six-month period ended June 30, 2000 to $18.1 million for the six-month period ended June 30, 2001. The increase was due primarily to increases of $87.5 million and $33.6 million in average interest-bearing deposits and borrowings outstanding, respectively. Average interest-bearing deposits increased from $434.2 million outstanding during the six months ended June 30, 2000 to $521.7 million outstanding during the comparable period for 2001. Average borrowings increased from $101.0 million outstanding during the six months ended June 30, 2000 to $134.5 million for the comparable 2001 period. The average cost of interest-bearing liabilities increased from 5.01% for the six months ended June 30, 2000 to 5.51% for the comparable 2001 period.

Noninterest Income. Nonininterest income increased $162,000, or 19.1% from $846,000 for the six months ended June 30, 2000 to $1.0 million for the comparable period in 2001. This was mainly due to an increase of $122,000 in other service charges and fees.

Noninterest Expense. Noninterest expense increased by $468,000 or 8.4%, from $5.5 million for the six-month period ended June 30, 2000 to $6.0 million for the six-month period ended June 30, 2001. The increase was primarily due to increases in salaries and employee benefits of $179,000, occupancy expense of $101,000 and data processing expense of $60,000 related to the overall growth of the Company.

Income Tax Provision. The income tax provision was $1.7 million for the six-month period ended June 30, 2001 (an effective tax rate of 37.5%) compared to $1.7 million (an effective tax rate of 38.9%) for the corresponding period for 2000.

FFLC BANCORP, INC.

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.

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 has been no significant change in the Company's market risk exposure since December 31, 2000.

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 10, 2001, to consider the election of three directors each for a term of three years and the ratification of the appointment of the Company's independent auditors for the year ending December 31, 2001. At the Annual Meeting, incumbent Directors Howard H. Hewitt, H.D. Robuck, Jr., and Stephen T. Kurtz were reelected. The terms of Directors James P. Logan, Ted R. Ostrander, Jr., Joseph J. Junod, Claron D. Wagner and Paul K. Mueller continued after the Annual Meeting.

At the Annual Meeting, 3,017,859 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:

Proposal I.

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

Abstentions

	For	Withheld	Against	and Broker Nonvotes
Howard H. Hewitt	2,977,038	40,821	--	--
H.D. Robuck, Jr.	2,974,149	43,710	--	--
Stephen T. Kurtz	2,978,633	39,226	--	--

20

FFLC BANCORP, INC.

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

Proposal II:

To ratify the appointment of Hacker, Johnson & Smith PA as the Company's independent auditors for the year ending December 31, 2001

For	Withheld	Against	Abstentions and Broker Nonvotes
3,001,497	--	11,133	5,229

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**

* 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 2000 FFLC Bancorp, Inc. Form 10-K filed March 22, 2001.

(b) Reports on Form 8-K.
There were no reports on Form 8-K filed during the three months ended June 30, 2001.

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: July 27, 2001 By: /s/ Stephen T. Kurtz

Stephen T. Kurtz, President and Chief Executive Officer

Date: July 27, 2001 By: /s/ Paul K. Mueller

Paul K. Mueller, Executive Vice President and Treasurer