FFLC BANCORP INC
Form 10-Q
April 26, 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 March 31, 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	3,572,517 shares outstanding at April 22, 2002

FFLC BANCORP, INC.

INDEX

FFLC BANCORP, INC.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	At March 31, 2002	At December 31, 2001
Assets	(unaudited)	
Cash and due from banks	$ 21,182	19,609
Interest-bearing deposits	19,739	30,183
Cash and cash equivalents	40,921	49,792
Securities available for sale	69,779	59,503
Loans, net of allowance for loan losses of $4,273 in 2002 and $4,289 in 2001	701,044	685,935
Accrued interest receivable	4,191	4,193
Premises and equipment, net	14,836	14,338
Foreclosed assets	315	373
Federal Home Loan Bank stock, at cost	7,700	7,700
Deferred income taxes	453	274
Other assets	1,309	1,043
Total	$ 840,548	823,151
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	15,577	14,334
NOW and money market accounts	124,964	111,961
Savings accounts	22,133	24,093
Certificates	429,903	434,740
Total deposits	592,577	585,128
Advances from Federal Home Loan Bank	154,000	154,000
Other borrowed funds	17,398	13,327
Accrued expenses and other liabilities	11,064	6,628
Total liabilities	775,039	759,083

Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none outstanding	--	--
Common stock, $.01 par value, 9,000,000 shares authorized, 4,558,380 in 2002 and 4,542,953 in 2001 shares issued	46	45
Additional paid-in-capital	31,469	31,355
Retained income	53,284	51,575
Accumulated other comprehensive income	217	440
Treasury stock, at cost (985,965 shares in 2002 and 979,021 shares in 2001)	(19,507)	(19,347)
Total stockholders' equity	65,509	64,068
Total	$ 840,548	823,151

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 March 31, 2002	2001
Interest income:		
Loans	$ 12,867	12,805
Securities available for sale	761	714
Other interest-earning assets	240	316
Total interest income	13,868	13,835
Interest expense:		
Deposits	5,218	6,933
Borrowed funds	2,273	1,988
Total interest expense	7,491	8,921
Net interest income	6,377	4,914
Provision for loan losses	258	275

Net interest income after provision for loan losses	6,119	4,639
Noninterest income:		
Deposit account fees	218	217
Other service charges and fees	482	347
Other	168	51
Total noninterest income	868	615
Noninterest expense:		
Salaries and employee benefits	2,016	1,707
Occupancy expense	573	481
Deposit insurance premium	26	24
Data processing expense	252	246
Professional services	102	85
Advertising and promotion	111	106
Other	364	314
Total noninterest expense	3,444	2,963
Income before income taxes	3,543	2,291
Income taxes	1,335	859
Net income	$ 2,208	1,432
Basic income per share of common stock	$ .62	.41
Weighted-average number of shares outstanding for basic	3,567,776	3,534,998
Diluted income per share of common stock	$ .61	.40
Weighted-average number of shares outstanding for diluted	3,639,733	3,621,029
Dividends per share $	.14	.13

See accompanying Notes to Condensed Consolidated Financial Statements

3

FFLC BANCORP, INC.

Condensed Consolidated Statement of Changes in Stockholders' Equity

Three Months Ended March 31, 2002 (Unaudited)
($ in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Ret In
Balance at December 31, 2001	$ 45	31,355	(19,347)	51
Comprehensive income:				
Net income (unaudited)	--	--	--	2
Change in unrealized gains on securities available for sale, net of income taxes of $135 (unaudited)	--	--	--	
Comprehensive income (unaudited)				
Net proceeds from the issuance of 15,427 shares of common stock, stock options exercised (unaudited)	1	114	--	
Dividends paid (unaudited)	--	--	--	
Purchase of treasury stock, 6,944 shares (unaudited)	--	--	(160)	
Balance at March 31, 2002 (unaudited)	$ 46	31,469	(19,507)	53

See accompanying Notes to Condensed Consolidated Financial Statements.

FFLC BANCORP, INC.

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

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001

Cash flows from operating activities:		
Net income	$ 2,208	1,432
Adjustments to reconcile net income to net cash provided by operations:		
Provision for loan losses	258	275
Depreciation	259	191
Credit for deferred income taxes	(44)	(53)
Gain on sale of foreclosed assets	(30)	(9)
Net amortization of premiums and discounts on securities	22	(22)
Net deferral of loan fees and costs	(82)	31
Decrease (increase) in accrued interest receivable	2	(165)
Increase in other assets	(266)	(60)
Increase in accrued expenses and other liabilities	4,436	273
Net cash provided by operating activities	6,763	1,893
Cash flows from investing activities:		
Proceeds from principal repayments and maturities on securities available for sale	4,567	2,551
Purchase of securities available for sale	(15,223)	(2,138)
Loan disbursements	(61,780)	(42,507)
Principal repayments on loans	46,229	18,037
Purchase of premises and equipment, net	(757)	(758)
Proceeds from sales of foreclosed assets	354	220
Net cash used in investing activities	(26,610)	(24,595)
Cash flows from financing activities:		
Net increase in deposits	7,449	22,141
Net increase in other borrowed funds	4,071	5,401
Issuance of common stock	115	61
Purchase of treasury stock	(160)	(133)
Cash dividends paid	(499)	(460)
Net cash provided by financing activities	10,976	27,010
Net (decrease) increase in cash and cash equivalents	(8,871)	4,308
Cash and cash equivalents at beginning of period	49,792	30,481
Cash and cash equivalents at end of period	$ 40,921	34,789

(continued)

FFLC BANCORP, INC.

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

	Three Month March 2002
Supplemental disclosures of cash flow information: Cash paid during the period for:	
Interest	$ 7,467
Income taxes	$ 270
Noncash investing and financing activities:	
Accumulated other comprehensive income (loss), net change in unrealized gain on securities available for sale, net of tax	$ (223)
Transfers from loans to foreclosed assets	$ 407
Loans originated on sales of foreclosed assets	$ 141
Loans funded by and sold to correspondent	$ 2,798

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 "Holding Company"), the accompanying condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position at March 31, 2002 and the results of operations and cash flows for the three-month periods ended March 31, 2002 and 2001. The results of operations for the three-month period ended March 31, 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 March 31, 2002		At De
	Amount	% of Total	Amoun
Mortgage loans:			
One-to-four-family residential	$ 413,260	57.24%	$ 413,7
Construction and land	26,341	3.65	22,9
Multi-family units	23,141	3.20	20,3
Commercial real estate, churches and other	116,118	16.08	108,8
Total mortgage loans	578,860	80.17	565,7
Consumer loans	124,970	17.31	119,3
Commercial loans	18,162	2.52	18,8
Total loans (1)	721,992	100.00%	703,9
Less:			
Loans in process	(17,349)		(14,3
Net deferred loan costs	674		5
Allowance for loan losses (2)	(4,273)		(4,2
Loans, net	$ 701,044		$685,9

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

	At March 31, 2002		December 31, 2001	
	Amount	% of Total	Amount	% of Total
Residential	$ 404,720	56.06%	$ 403,897	57.37%
Commercial	192,302	26.63	180,688	25.67
Consumer	124,970	17.31	119,357	16.96
	$ 721,992	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 March 31, 2002		December 31, 2001	
	Amount	% to Gross Loans	Amount	% to Gross Loans
Residential	$1,191	.29%	$1,229	.30%
Commercial	2,191	1.14	2,039	1.13
Consumer	891	.71	1,021	.86
	$4,273	.59%	$4,289	.61%

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 March 31,	
	2002	2001
Balance at January 1	$ 4,289	3,552
Provision for loan losses	258	275
Net loans charged-off	(274)	(54)
Balance at March 31	$ 4,273	3,773

There were no impaired loans at March 31, 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

(continued)

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

3. Loan Impairment and Loan Losses, Continued. The average net investment in impaired loans and interest income recognized and received on impaired loans was as follows (in thousands):

	Three Months Ended March 31, 2002	2001
Average net investment in impaired loans	$ 38	1,215
Interest income recognized on impaired loans	$ --	11
Interest income received on impaired loans	$ --	11

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 ESOP and RRP incentive plans are only considered outstanding when the shares are released or committed to be released for allocation to participants. All ESOP shares have been allocated. 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 End March 31,
	2002

Weighted-average shares of common stock issued and outstanding before adjustments for RRP and common stock options	3,570,511	3,5
Adjustment to reflect the effect of unallocated RRP shares	(2,735)	
Weighted-average shares for basic net income per share	3,567,776	3,5
Basic income per share of common stock	$ .62	
Total weighted-average common shares and equivalents outstanding for basic income per share computation	3,567,776	3,5
Additional dilutive shares using the average market value for the period utilizing the treasury stock method regarding stock options	71,957	
Weighted-average common shares and equivalents outstanding for diluted income per share	3,639,733	3,6
Diluted income per share of common stock	$ .61	

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

9

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 March 31, 2002, and for the three-month periods ended March 31, 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.

10

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 March 31, 2002, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2002 and 2001, and the condensed consolidated statement of changes in stockholders' equity for the three-month period ended March 31, 2002. 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.

/s/ Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Orlando, Florida
April 5, 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 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, 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 March 31, 2002, the Bank had outstanding commitments to originate $19.6

million of loans, commitments to fund approximately $17.3 million of the undisbursed portion of loans in process and undisbursed lines of credit of approximately $45.1 million. The Bank believes that it will have sufficient funds available to meet its commitments. At March 31, 2002, certificates of deposit which were scheduled to mature in one year or less totaled $313.8 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 March 31, 2002, the Bank meets all capital adequacy requirements to which it is subject.

As of March 31, 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 March 31, 2002 are also presented in the table.

	Actual		Minimum For Capital Adequacy Purposes		To Be Capita For Pr Correctiv Provis
	%	Amount	%	Amount	%
			($ in thousands)		
Stockholders' equity, and ratio to total assets	7.4%	$ 62,114			
Less: investment in nonincludable					

subsidiary		(500)				
Less: unrealized gain on securities available for sale		(268)				
Tangible capital, and ratio to adjusted total assets	7.3%	$ 61,346	1.5%	$ 12,605		
Tier 1 (core) capital, and ratio to adjusted total assets	7.3%	$ 61,346	3.0%	$ 25,211	5.0%	$
Tier 1 capital, and ratio to risk-weighted assets	11.1%	61,346	4.0%	$ 22,175	6.0%	$
Less: Nonincludable investment in 80% land loans		(492)				
Tier 2 capital (allowance for loan losses)		4,189				
Total risk-based capital, and ratio to risk-weighted assets	11.7%	$ 65,043	8.0%	$ 44,349	10.0%	$
Total assets		$ 841,144				
Adjusted total assets		$ 840,359				
Risk-weighted assets		$ 554,367				

14

FFLC BANCORP, INC.

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

	Three Months Ended March 31, 2002	Year Ended December 31 2001

Average equity as a percentage of average assets	7.83%	8.05%
Total equity to total assets at end of period	7.79%	7.78%
Return on average assets (1)	1.06%	.82%
Return on average equity (1)	13.54%	10.20%
Noninterest expense to average assets (1)	1.65%	1.68%
Nonperforming assets to total assets at end of period	.30%	.28%
Operating efficiency ratio (1)	47.54%	53.63%

(1) Annualized for the three months ended March 31, 2002 and 2001.

	At March 31, 2002	At December 3 2001
Weighted-average interest rates:		
Interest-earning assets:		
Loans	7.46%	7.61%
Securities	4.76%	5.16%
Other interest-earning assets	2.78%	2.48%
Total interest-earning assets	7.06%	7.17%
Interest-bearing liabilities:		
Interest-bearing deposits	3.47%	3.85%
Borrowed funds	5.36%	5.44%
Total interest-bearing liabilities	3.89%	4.22%
Interest-rate spread	3.17%	2.95%

Change in Financial Condition

Total assets increased $17.4 million or 2.1%, from $823.2 million at December 31, 2001 to $840.5 million at March 31, 2002 primarily as a result of a $15.1 million increase in net loans and an increase in securities available for sale of $10.3 million, partially offset by a decrease in cash and cash equivalents of $8.9 million. Deposits increased $7.5 million from $585.1 million at December 31, 2001 to $592.6 million at March 31, 2002. The $1.4 million net increase in stockholders equity during the three months ended March 31, 2002 resulted from net income of $2.2 million and proceeds of $115,000 from stock options exercised, partially offset by repurchases of the Company's stock of $160,000, dividends paid of $499,000 and a $223,000, net of tax decrease in unrealized gains on securities available for sale.

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.

	Three Months Ended Mar			
	2002			
	Average Balance	Interest and Dividends	Average Yield/ Cost	Avera Balan
			($ in Thousands)	
Interest-earning assets:				
Loans	$ 690,435	12,867	7.45%	$ 628,8
Securities	73,222	761	4.16	43,6
Other interest-earning assets (1)	31,619	240	3.04	20,8
Total interest-earning assets	795,276	13,868	6.98	693,2
Noninterest-earning assets	38,494			30,6
Total assets	$ 833,770			$ 723,9
Interest-bearing liabilities:				
NOW and money-market accounts	120,017	400	1.33	87,4
Savings accounts	22,375	56	1.00	19,4
Certificates	435,369	4,762	4.38	407,7
Federal Home Loan Bank advances	154,000	2,202	5.72	123,0
Other borrowed funds	14,014	71	2.03	8,3
Total interest-bearing liabilities	745,775	7,491	4.02	645,8
Noninterest-bearing deposits	15,033			12,8
Noninterest-bearing liabilities	7,714			5,3
Stockholders' equity	65,248			59,8
Total liabilities and stockholders' equity	$ 833,770			$ 723,9

Net interest income		$ 6,377		
Interest-rate spread (2)			2.96%	
Net interest-earning assets, net margin (3)	$ 49,501		3.21%	$ 47,4
Ratio of interest-earning assets to interest-bearing liabilities	1.07			1.

(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 Months Ended March 31, 2002 and 2001

General Operating Results. Net income for the three-month period ended March 31, 2002 was $2.2 million or $.62 per basic and $.61 per diluted share, respectively, compared to $1.4 million or $.41 per basic and $.40 per diluted share, respectively, for the comparable 2001 period. This $776,000 or 54.2% increase was primarily due to an increase in net interest income of $1.5 million, partially offset by a $481,000 increase in noninterest expense.

Interest Income. Interest income increased $33,000 to $13.9 million for the three-month period ended March 31, 2002 from the level earned for the comparable period in 2001. That was due to a $102.0 million increase in the average balance of interest-earning assets outstanding during the three-month period ended March 31, 2002, compared to the 2001 period, offset in part by a decrease in the average yield on interest-earning assets from period to period from 7.98% for the three-month period ended March 31, 2001, to 6.98% for the three-month period ended March 31, 2002.

Interest Expense. Interest expense decreased $1.4 million or 16.0%, from $8.9 million for the three-month period ended March 31, 2001 to $7.5 million for the three-month period ended March 31, 2002. The decrease was primarily due to a decrease in the average cost of interest bearing liabilities from 5.53% for the three month period ended March 31, 2001 to 4.02% for the three month period ended March 31, 2002, partially offset by increases of $63.2 million in average deposits and $36.7 million in average borrowed funds outstanding. Average deposits increased from $514.5 million outstanding during the three months ended March 31, 2001 to $577.8 million outstanding during the comparable period of 2002. Average borrowed funds increased from $131.3 million outstanding during the three months ended March 31, 2001 to $168.0 million outstanding during the three months ended March 31, 2002.

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 March 31, 2002 and 2001 of $258,000 and $275,000, respectively. The allowance for loan losses was $4.3 million at March 31, 2002. Management believes the allowance is adequate at March 31, 2002.

Noninterest Income. Noninterest income increased by $253,000 or 41.1% from $615,000 for the three- month period ended March 31, 2001 to $868,000 for the three-month period ended March 31, 2002. That increase was mainly due to an increase in other service charges and fees of $135,000.

Noninterest Expense. Noninterest expense increased by $481,000, or 16.2% from the three-month period ended March 31, 2001 compared to the three-month period ended March 31, 2002. The increase was primarily due to increases in salaries and employee benefits of $309,000, occupancy expense of $92,000 and other expenses of $50,000 related to the overall growth of the Company.

Income Tax Provision. The income tax provision increased from $859,000 (an effective tax rate of 37.5%) for the three-month period ended March 31, 2001 to $1.3 million (an effective tax rate of 37.7%) for the corresponding period in 2002.

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 or decrease 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 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 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 March 31, 2002.

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: April 25, 2002 By: /s/ Stephen T. Kurtz

Stephen T. Kurtz, President and Chief Executive Officer

Date: April 25, 2002 By: /s/ Paul K. Mueller

Paul K. Mueller, Executive Vice President and Treasurer