FFLC BANCORP INC
Form 10-Q
July 24, 2003

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, 2003

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 [_]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12B-2 of the Exchange Act): Yes[_] No [X]

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 | 5,393,105 shares outstanding at July 21, 2003 |

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, 2003 (unaudited) |
|---|---|
| Assets | |
| Cash and due from banks | $ 35,786 |
| Interest-earning deposits | 27,411 |
| Cash and cash equivalents | 63,197 |
| Securities available for sale | 82,530 |
| Loans, net of allowance for loan losses of $5,426 in 2003 and $5,181 in 2002 | 743,137 |
| Accrued interest receivable | 3,846 |
| Premises and equipment, net | 20,408 |
| Foreclosed assets | 718 |
| Federal Home Loan Bank stock, at cost | 6,900 |
| Deferred income taxes | 861 |
| Other assets | 1,337 |
| Total | $ 922,934 |
| Liabilities and Stockholders' Equity | |
| Liabilities: | |

| | |
|---|---|
| Noninterest-bearing demand deposits | 24,606 |
| NOW and money-market accounts | 147,523 |
| Savings accounts | 25,886 |
| Certificates | 484,042 |
| Total deposits | 682,057 |
| Advances from Federal Home Loan Bank | 133,000 |
| Other borrowed funds | 17,287 |
| Guaranteed preferred beneficial interest in junior subordinated debentures | 5,000 |
| Accrued expenses and other liabilities | 11,117 |
| Total liabilities | 848,461 |
| Stockholders' equity: | |
| Preferred stock, $.01 par value, 1,000,000 shares authorized, none outstanding | - |
| Common stock, $.01 par value, 15,000,000 shares authorized, 6,393,103 in 2003 and 4,574,944 in 2002 shares issued | 64 |
| Additional paid-in-capital | 31,794 |
| Retained income | 62,045 |
| Accumulated other comprehensive income | 484 |
| Treasury stock, at cost (1,000,048 shares in 2003 and 991,669 shares in 2002) | (19,914) |
| Total stockholders' equity | 74,473 |
| Total | $ 922,934 |

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 |
|---|---|---|

| | 2003 | 2002 | 2003 |
|---|---|---|---|
| Interest income: | | | |
| Loans | $ 12,590 | 13,151 | 25,312 |
| Securities | 537 | 779 | 1,125 |
| Other interest-earning assets | 202 | 184 | 469 |
| Total interest income | 13,329 | 14,114 | 26,906 |
| Interest expense: | | | |
| Deposits | 4,230 | 4,954 | 8,645 |
| Borrowed funds | 2,087 | 2,330 | 4,214 |
| Total interest expense | 6,317 | 7,284 | 12,859 |
| Net interest income | 7,012 | 6,830 | 14,047 |
| Provision for loan losses | 388 | 613 | 794 |
| Net interest income after provision for loan losses | 6,624 | 6,217 | 13,253 |
| Noninterest income: | | | |
| Deposit account fees | 255 | 233 | 486 |
| Other service charges and fees | 702 | 433 | 1,286 |
| Net gain on sales of loans held for sale | 359 | 126 | 630 |
| Other | 116 | 83 | 313 |
| Total noninterest income | 1,432 | 875 | 2,715 |
| Noninterest expense: | | | |
| Salaries and employee benefits | 2,500 | 2,134 | 4,946 |
| Occupancy expense | 702 | 585 | 1,350 |
| Data processing expense | 280 | 240 | 553 |
| Professional services | 120 | 95 | 223 |
| Advertising and promotion | 116 | 123 | 253 |
| Other | 545 | 420 | 1,060 |
| Total noninterest expense | 4,263 | 3,597 | 8,385 |
| Income before income taxes | 3,793 | 3,495 | 7,583 |
| Income taxes | 1,427 | 1,282 | 2,863 |
| Net income | $ 2,366 | 2,213 | 4,720 |
| Basic income per share | $ .44 | .41 | .88 |

| | | | |
|---|---|---|---|
| Weighted-average number of shares outstanding for basic | 5.385.407 | 5,356,839 | 5,380,428 |
| Diluted income per share | $ .43 | .40 | .86 |
| Weighted-average number of shares outstanding for diluted | 5,483,407 | 5,468,751 | 5,480,746 |
| Dividends per share | $ .10 | .09 | .20 |

See accompanying Notes to Condensed Consolidated Financial Statements

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FFLC BANCORP, INC.

Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

Six Months Ended June 30, 2003 and 2002
($ in thousands)

| | Common Stock | | Additional | | |
|---|---|---|---|---|---|
| | Number of Shares | Amount | Paid-In Capital | Treasury Stock | Retai Inco |
| Balance at December 31, 2001 | 4,542,953 | $ 45 | 31,355 | (19,347) | 51, |
| Comprehensive income: | | | | | |
| Net income (unaudited) | - | - | - | - | 4, |
| Change in unrealized gains on securities available for sale, net of income tax benefit of $23 (unaudited) | - | - | - | - | |
| Comprehensive income (unaudited) | | | | | |
| Net proceeds from the issuance of common stock, stock options exercised (unaudited) | 21,796 | 1 | 168 | - | |

| | | | | | |
|---|---|---|---|---|---|
| Dividends paid (unaudited) | | - | - | - | (9 |
| Purchase of treasury stock, 7,961 shares (unaudited) | - | - | - | (188) | |
| Balance at June 30, 2002 (unaudited) | 4,564,749 | $ 46 | 31,523 | (19,535) | 54, |



FFLC BANCORP, INC.

Condensed Consolidated Statements of
Changes in Stockholders' Equity (Unaudited), Continued

Six Months Ended June 30, 2003 and 2002
($ in thousands)

| | Common Stock | | Additional | | |
|---|---|---|---|---|---|
| | Number of Shares | Amount | Paid-In Capital | Treasury Stock | Re I |
| Balance at December 31, 2002 | 4,574,944 | $ 46 | 31,638 | (19,667) | |
| Comprehensive income: | | | | | |
| Net income (unaudited) | - | - | - | - | |
| Change in unrealized gains on securities available for sale, net of income tax benefit of $51 (unaudited) | - | - | - | - | |
| Change in unrealized loss on derivative instrument, net of income tax benefit of $41 (unaudited) | - | - | - | - | |
| Comprehensive income (unaudited) | | | | | |
| Net proceeds from the issuance of common stock, stock options exercised (unaudited) | 25,890 | - | 174 | - | |
| Dividends paid (unaudited) | - | - | - | - | |
| (1,084) | | | | | |

| | | | | |
|---|---|---|---|---|
| Purchase of treasury stock, 8,379 shares (unaudited) | - | - | - | (247) |
| Three-for-two stock split (unaudited) | 1,792,269 | 18 | (18) | - |
| Balance at June 30, 2003 (unaudited) | 6,393,103 | $ 64 | 31,794 | (19,914) |

See accompanying Notes to Condensed Consolidated Financial Statements.



FFLC BANCORP, INC.

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

| | |
|---|---|
| | 2 |
| Cash flows from operating activities: | |
| Net income | $ 4 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | |
| Provision for loan losses | |
| Depreciation and amortization | |
| Credit for deferred income taxes | |
| Net amortization of premiums and discounts on securities | |
| Net amortization of deferred loan fees and costs | |
| Net gain on sales of loans held for sale | |
| Loans originated for sale | (41 |
| Proceeds from sales of loans held for sale | 42 |
| Decrease in accrued interest receivable | |
| Decrease (increase) in other assets | |
| Increase in accrued expenses and other liabilities | 2 |
| Net cash provided by operating activities | 9 |

| | |
|---|---|
| Cash flows from investing activities: | |
| Proceeds from principal repayments and maturities on securities available for sale | 13 |
| Purchase of securities available for sale | (19 |
| Loan disbursements | (127 |
| Principal repayments on loans | 117 |
| Purchase of premises and equipment, net | (1 |
| Redemption (purchase) of Federal Home Loan Bank stock | |
| Net proceeds from sales of foreclosed assets | |
| Net cash used in investing activities | (15 |
| Cash flows from financing activities: | |
| Net increase in deposits | 13 |
| Net (decrease) increase in advances from Federal Home Loan Bank | (16 |
| Net increase in other borrowed funds | 2 |
| Issuance of common stock | |
| Purchase of treasury stock | |
| Cash dividends paid | (1 |
| Net cash (used in) provided by financing activities | |
| Net (decrease) increase in cash and cash equivalents | (6 |
| Cash and cash equivalents at beginning of period | 69 |
| Cash and cash equivalents at end of period | $ 63 |



FFLC BANCORP, INC.

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

| | |
|---|---|
| | S |
| | 20 |
| Supplemental disclosures of cash flow information- | |
| Cash paid during the period for: | |
| Interest | $ 12 |
| Income taxes | $ 3 |

| | |
|---|---|
| Noncash investing and financing activities: | |
| Accumulated other comprehensive income: | |
| Net change in unrealized gain on securities available for sale, net of tax | $ |
| Net change in unrealized loss on derivative instrument, net of tax benefit | $ |
| Transfer from loans to foreclosed assets | $ |
| Loans originated on sales of foreclosed assets | $ |
| Loans funded by and sold to correspondent | $ 7 |

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, 2003 and the results of operations for the three- and six-month periods ended June 30, 2003 and 2002 and cash flows for the six-month periods ended June 30, 2003 and 2002. The results of operations for the three-and six-month periods ended June 30, 2003, are not necessarily indicative of results that may be expected for the year ending December 31, 2003.

   The condensed consolidated financial statements include the accounts of the Holding Company and its three subsidiaries, First Federal Savings Bank of Lake County (the "Bank"), First Alliance Title, LLC and FFLC Statutory

Trust I 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, 2003 | | At Dece |
|---|---|---|---|
| | Amount | % of Total | Amount |
| Mortgage loans: | | | |
| One-to-four-family residential * | $ 382,990 | 49.95% | $ 395,116 |
| Construction and land | 34,618 | 4.52 | 30,792 |
| Multi-family units | 21,767 | 2.84 | 22,796 |
| Commercial real estate, churches and other | 150,532 | 19.63 | 140,770 |
| Total mortgage loans | 589,907 | 76.94 | 589,474 |
| Consumer loans | 147,276 | 19.21 | 138,202 |
| Commercial loans | 29,546 | 3.85 | 28,879 |
| Total loans (1) | 766,729 | 100.00% | 756,555 |
| Undisbursed portion of loans in process | (18,860) | | (16,770 |
| Net deferred loan costs | 694 | | 734 |
| Allowance for loan losses (2) | (5,426) | | (5,181 |
| Loans, net | $ 743,137 | | $ 735,338 |

* Includes $14.5 million and $14.4 million of loans held for sale at June 30, 2003 and December 31, 2002, respectively.

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

| | At | | | |
|---|---|---|---|---|
| | June 30, 2003 | | December 31, 20 | |
| | Amount | % of Total | Amount | % o Tot |
| Residential | $ 372,528 | 48.58% | $ 385,711 | 50 |
| Commercial | 244,019 | 31.83 | 229,930 | 30 |
| Consumer | 150,182 | 19.59 | 140,914 | 18 |

| | | | | |
|---|---|---|---|---|
| | $ 766,729 | 100.00% | $ 756,555 | 100 |

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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, 2003 | | December 31, 2002 | |
|---|---|---|---|---|
| | Amount | % to Gross Loans | Amount | % to Gross Loans |
| Residential | $ 1,174 | .32% | $ 1,175 | .30% |
| Commercial | 3,126 | 1.28 | 2,949 | 1.28 |
| Consumer | 1,126 | .75 | 1,057 | .75 |
| | $ 5,426 | .71% | $ 5,181 | .68% |

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, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| Residential | $ 51,578 | 40,076 | 96,591 | 70,953 |
| Commercial | 27,038 | 30,102 | 52,936 | 54,110 |
| Consumer | 26,274 | 24,378 | 47,247 | 42,481 |
| | $104,890 | 94,556 | 196,774 | 167,544 |

3. Loan Impairment and Loan Losses. The Company also prepares a quarterly

review of the adequacy of the allowance for loan losses to 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, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| Beginning balance | $ 5,311 | 4,273 | 5,181 | 4,289 |
| Provision for loan losses | 388 | 613 | 794 | 871 |
| Net loans charged-off | (273) | (185) | (549) | (459) |
| Ending balance | $ 5,426 | 4,701 | 5,426 | 4,701 |

(continued)



FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

3. Loan Impairment and Loan Losses, Continued. The following summarizes the amount of impaired loans, all of which were collateral dependent (in thousands):

| | June 30, | Decembe |
|---|---|---|
| | 2003 | 200 |
| Loans identified as impaired: | | |
| Gross loans with no related allowance for losses | $ 2,981 | - |
| Gross loans with related allowance for losses recorded | 400 | 40 |
| Less: Allowances on these loans | (50) | (5 |
| Net investment in impaired loans | $ 3,331 | 35 |

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, 2003 | Three Months Ended June 30, 2002 |
|---|---|---|
| Average net investment in impaired loans | $ 594 | - |
| Interest income recognized on impaired loans | $ 7 | - |
| Interest income received on impaired loans | $ 7 | - |

Nonaccrual and past due loans were as follows (in thousands):

| | At June 30, 2003 | At December 31, 2002 |
|---|---|---|
| Nonaccrual loans | $ 5,170 | 2,592 |
| Accruing loans past due ninety days or more | 46 | - |
| Total | $ 5,216 | 2,592 |

The increase in impaired and nonaccrual loans during 2003 mainly resulted from two loans to an agriculture borrower being identified as impaired and placed on nonaccrual status. Management estimates equity in the related collateral is sufficient and no loss is anticipated on these two loans.

(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. All per share amounts reflect the three-for-two stock split declared on February 14, 2003. The following table presents the calculation of basic and diluted income per share of common stock:

| | Three Months Ended June 30, | | |
|---|---|---|---|
| | 2003 | 2002 | |
| Weighted-average shares of common stock issued and outstanding before adjustments for RRP and common stock options | 5,389,510 | 5,360,942 | 5, |
| Adjustment to reflect the effect of unallocated RRP shares | (4,103) | (4,103) | |
| Weighted-average shares for basic income per share | 5,385,407 | 5,356,839 | 5, |
| Basic income per share | $ .44 | .41 | |
| Total weighted-average common shares and equivalents outstanding for basic income per share computation | 5,385,407 | 5,356,839 | 5, |
| Additional dilutive shares using the average market value for the period utilizing the treasury stock method regarding stock options | 98,000 | 111,912 | |
| Weighted-average common shares and equivalents outstanding for diluted income per share | 5,483,407 | 5,468,751 | 5, |
| Diluted income per share | $ .43 | .40 | |

5. Stock Split. On February 14, 2003, the Board of Directors declared a three-for-two stock split on all outstanding common shares for shareholders of record on February 28, 2003, which were distributed on March 14, 2003. Any fractional shares resulting from the split were paid in cash based on the closing price on the record date.

(continued)

FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

6. Stock Option Plans. During 2002, the Company adopted a new stock option plan (the "2002 Plan") which authorizes the Company to issue up to 375,000 shares (adjusted) in connection with options granted to directors, officers or employees of the Company. The terms and vesting periods will be determined as each option is granted, but the option price cannot be less than the then current market value of the common stock at the grant date. No options have been granted under the 2002 Plan through June 30, 2003.

The Company also has a 1993 stock option plan (the "1993 Plan") under which common shares are authorized to be issued in connection with options granted to directors, officers and employees of the Company. Options granted under the Plan are exercisable at the market price of the common stock at the date of grant. Such incentive stock options granted to officers and employees are exercisable in three equal annual installments, with the first installment becoming exercisable one year from the date of grant. Options granted to outside directors are exercisable immediately, but any common shares obtained from exercise of the options may not be sold prior to one year from the date of grant. All options expire at the earlier of ten years for officers and employees or twenty years for directors from the date of grant or one year following the date which the outside director, officer or employee ceases to serve in such capacity. At June 30, 2003, 50,571 options (adjusted) remain available under the 1993 Plan for future grant to directors, officers and employees.

The following is a summary of stock option transactions during the six-month periods ended June 30, 2003 and 2002 (All options and option price per share information has been adjusted to reflect the three-for-two stock split in 2003):

| 1993 Plan: | Number of Options | Range of Per Share Option Price | Weighted-Average Per Share Price |
|---|---|---|---|
| Outstanding, December 31, 2001 | 200,312 | $ 4.00-14.17 | 6.01 |
| Exercised | (32,694) | 4.00-10.83 | 4.54 |
| Outstanding, June 30, 2002 | 167,618 | $ 4.00-14.17 | 6.37 |
| Outstanding, December 31, 2002 | 152,327 | 4.00-14.17 | 6.61 |
| Exercised | (28,003) | 4.00-11.75 | 5.50 |
| Outstanding, June 30, 2003 | 124,324 | $ 4.00-14.17 | 6.97 |

(continued)



FFLC BANCORP, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

6.Stock Option Plans, Continued

No stock options were granted under the plans during the six-month periods ended June 30, 2003 or 2002. SFAS No. 123 requires pro forma fair value disclosures if the intrinsic value method is being utilized to value stock-based compensation awards. For purposes of pro forma disclosures, the estimated fair value of stock options granted is included in expense in the period vesting occurs. The proforma information has been determined as if the Company had accounted for its stock options under the fair value method of SFAS No. 123. The Company accounts for their stock option plans under the recognition and measurement principles of APB No. 25. No stock-based employee compensation cost is reflected in net income during the periods presented, as all stock options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and basic and diluted income per share as if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation (in thousands, except per share amounts):

| | Three Months Ended June 30, | | Si |
|---|---|---|---|
| | 2003 | 2002 | |
| Net income, as reported | $ 2,366 | 2,213 | 4 |
| Deduct: Total stock-based employee compensation determined under the fair value based method for all awards, net of related tax benefit | - | (2) | |
| Proforma net income | $ 2,366 | 2,211 | 4 |
| Basic income per share: | | | |
| As reported | $ .44 | .41 | |
| Proforma | $ .44 | .41 | |
| Diluted income per share: | | | |
| As reported | $ .43 | .40 | |
| Proforma | $ .43 | .40 | |

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7. Reclassifications. Certain amounts in the 2002 condensed consolidated financial statements have been reclassified to conform to the 2003 presentation.



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, 2003, and for the three- and six-month periods ended June 30, 2003 and 2002 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, 2003, the related condensed consolidated statements of income for the three- and six-month periods ended June 30, 2003 and 2002 and the related condensed consolidated statements of changes in stockholders' equity and cash flows for the six-month periods ended June 30, 2003 and 2002. These interim 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 interim 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, 2002, 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 15, 2003 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, 2002, 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 9, 2003



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 three subsidiaries, First Federal Savings Bank of Lake County (the "Bank"), First Alliance Title, LLC and FFLC Statutory Trust I and the Bank's wholly-owned subsidiary, Lake County Service Corporation ("LCSC") (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 up 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 14 full-service banking facilities in Lake, Sumter, Citrus and Marion Counties, Florida. The Bank is in the process of constructing two new branches, one in Citrus County and the other in Sumter County.

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 and advances from the Federal Home Loan Bank. 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.

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. The Bank's exposure to credit loss in the event of nonperformance by the other party to the off-balance-sheet financial instrument is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments. A summary of the contractual amounts of the Bank's financial instruments with off-balance-sheet risk at June 30, 2003 follows (in thousands):

| | |
|---|---|
| Commitments to extend credit | $ 28,382 |
| Unused lines of credit | $ 58,420 |
| Undisbursed portion of loans in process | $ 18,860 |
| Standby letters of credit | $ 3,440 |

The Bank believes that it will have sufficient funds available to meet its commitments. At June 30, 2003, certificates of deposit which were scheduled to mature in one year or less totaled $262.5 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, 2003, the Bank meets all capital adequacy requirements to which it is subject.





As of June 30, 2003, 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, 2003 are also presented in the table.

| | Actual % | Actual Amount | Minimum For Capital Adequacy Purposes % | Minimum For Capital Adequacy Purposes Amount | Corr |
|---|---|---|---|---|---|
| | | | | | ($ in thousa |
| Stockholders' equity, and ratio to total assets | 8.2% | $ 76,015 | | | |
| Less: investment in nonincludable subsidiary | | (551) | | | |
| Less: unrealized gain on securities available for sale | | (667) | | | |
| Tangible capital, and ratio to adjusted total assets | 8.1% | $ 74,797 | 1.5% | $ 13,830 | |
| Tier 1 (core) capital, and ratio to adjusted total assets | 8.1% | $ 74,797 | 3.0% | $ 27,660 | 5 |
| Tier 1 capital, and ratio to risk-weighted assets | 12.2% | 74,797 | 4.0% | $ 24,517 | 6 |
| Tier 2 capital (allowance for loan losses) | | 5,350 | | | |
| Total risk-based capital, and ratio to risk-weighted assets | 13.1% | $ 80,147 | 8.0% | $ 49,034 | 10 |
| Total assets | | $ 923,226 | | | |
| Adjusted total assets | | $ 922,007 | | | |
| Risk-weighted assets | | $ 612,927 | | | |



FFLC BANCORP, INC.

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

| | Six Months Ended June 30, 2003 | Year Ended December 31 2002 |
|---|---|---|
| Average equity as a percentage of average assets | 7.86% | 7.67% |
| Total equity to total assets at end of period | 8.07% | 7.76% |
| Return on average assets (1) | 1.01% | 1.00% |
| Return on average equity (1) | 12.87% | 13.05% |
| Noninterest expense to average assets (1) | 1.80% | 1.68% |
| Nonperforming assets to total assets at end of period | .64% | .35% |
| Operating efficiency ratio (1) | 50.02% | 48.23% |

(1) Annualized for the six months ended June 30, 2003 and 2002.

| | At June 30, 2003 | At December 3 2002 |
|---|---|---|
| Weighted-average interest rates: | | |
| Interest-earning assets: | | |
| Loans | 6.74% | 7.10% |
| Securities | 4.24% | 4.45% |
| Other interest-earning assets | 1.76% | 1.77% |
| Total interest-earning assets | 6.31% | 6.52% |
| Interest-bearing liabilities: | | |
| Interest-bearing deposits | 2.57% | 2.78% |
| Borrowed funds | 5.09% | 5.38% |
| Total interest-bearing liabilities | 2.96% | 3.29% |
| Interest-rate spread | 3.35% | 3.23% |

Changes in Financial Condition

Total assets increased $7.1 million or .8%, from $915.8 million at December 31, 2002 to $922.9 million at June 30, 2003 primarily as a result of a $7.8 million increase in net loans and an increase in securities available for sale of $5.2 million, partially offset by a decrease in cash and cash equivalents of $6.2 million. Deposits increased $14.0 million from $668.1 million at December 31, 2002 to $682.1 million at June 30, 2003. Advances from the Federal Home Loan Bank decreased $16.0 million from $149.0 million at December 31, 2002 to $133.0 million at June 30, 2003. The $3.4 million net increase in stockholders' equity during the six months ended June 30, 2003 resulted from net income of $4.7 million and proceeds of $174,000 from stock options exercised, partially offset by repurchases of the Company's stock of $247,000, dividends paid of $1.1

million and a $152,000, net of tax benefit decrease in accumulated other comprehensive income.



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 certain fees which are considered to constitute adjustments to yields.

| | | | | Three |
|---|---|---|---|---|
| | | 2003 | | |
| | Average Balance | Interest and Dividends | Average Yield/ Cost | Averag Balanc |
| | | | | ($ in Thou |
| Interest-earning assets: | | | | |
| Loans | $ 745,201 | 12,590 | 6.76% | $ 717,23 |
| Securities | 85,725 | 537 | 2.51 | 76,54 |
| Other interest-earning assets (1) | 49,419 | 202 | 1.63 | 18,69 |
| Total interest-earning assets | 880,345 | 13,329 | 6.06 | 812,47 |
| Noninterest-earning assets | 54,826 | | | 42,12 |
| Total assets | $ 935,171 | | | $ 854,59 |
| Interest-bearing liabilities: | | | | |
| NOW and money-market accounts | 148,599 | 217 | .58 | 125,83 |
| Savings accounts | 25,835 | 40 | .62 | 22,89 |
| Certificates | 487,400 | 3,973 | 3.26 | 438,89 |
| Federal Home Loan Bank advances | 141,582 | 1,963 | 5.55 | 160,04 |
| Other borrowed funds | 21,226 | 124 | 2.34 | 15,78 |
| Total interest-bearing liabilities | 824,642 | 6,317 | 3.06 | 763,45 |

| | | | | |
|---|---|---|---|---|
| Noninterest-bearing deposits | 24,639 | | | 15,98 |
| Noninterest-bearing liabilities | 11,280 | | | 8,26 |
| Stockholders' equity | 74,610 | | | 66,89 |
| | ------- | | | ------ |
| Total liabilities and stockholders' equity | $ 935,171 | | | $ 854,59 |
| | ======= | | | ====== |
| Net interest income | | $ 7,012 | | |
| | | ====== | | |
| Interest-rate spread (2) | | | 3.00% | |
| | | | ==== | |
| Net interest-earning assets, net margin (3) | $ 55,703 | | 3.19% | $ 49,01 |
| | ======= | | ==== | ====== |
| Ratio of interest-earning assets to interest-bearing liabilities | 1.07 | | | 1.0 |
| | ==== | | | === |

(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 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
----------------------

| | 2003 | | | |
|---|---|---|---|---|
| | Average Balance | Interest and Dividends | Average Yield/ Cost | Averag Balanc |
| | | | | ($ |
| Interest-earning assets: | | | | |
| Loans | $ 739,305 | 25,312 | 6.85% | $ 703,90 |
| Securities | 83,188 | 1,125 | 2.70 | 74,89 |
| Other interest-earning assets (1) | 57,915 | 469 | 1.62 | 25,12 |
| Total interest-earning assets | 880,408 | 26,906 | 6.11 | 803,92 |
| Noninterest-earning assets | 52,791 | | | 40,31 |
| Total assets | $ 933,199 | | | $ 844,24 |
| Interest-bearing liabilities: | | | | |
| NOW and money-market accounts | 146,099 | 454 | .62 | 122,94 |
| Savings accounts | 25,781 | 81 | .63 | 22,63 |
| Certificates | 488,355 | 8,110 | 3.32 | 437,13 |
| Federal Home Loan Bank advances | 145,271 | 3,965 | 5.46 | 157,03 |
| Other borrowed funds | 20,697 | 249 | 2.41 | 14,90 |
| Total interest-bearing liabilities | 826,203 | 12,859 | 3.11 | 754,66 |
| Noninterest-bearing deposits | 22,926 | | | 15,48 |
| Noninterest-bearing liabilities | 10,747 | | | 7,99 |
| Stockholders' equity | 73,323 | | | 66,09 |
| Total liabilities and stockholders' equity | $ 933,199 | | | $ 844,24 |
| Net interest income | | $14,047 | | |
| Interest-rate spread (2) | | | 3.00% | |
| Net interest-earning assets, net margin (3) | $ 54,205 | | 3.19% | $ 49,26 |
| Ratio of interest-earning assets to interest-bearing liabilities | 1.07 | | | 1.0 |

(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 margin is annualized net interest income divided by average

interest-earning assets.



FFLC BANCORP, INC.

Comparison of the Three-Month Periods Ended June 30, 2003 and 2002

General Operating Results. Net income for the three-month period ended June 30, 2003 was $2.4 million, or $.44 per basic share and $.43 per diluted share, compared to $2.2 million, or $.41 per basic share and $.40 per diluted share, for the comparable period in 2002. All per share information has been adjusted to reflect the three-for-two stock split in 2003. The increase in net income was primarily a result of an increase of $182,000 in net interest income, an increase of $557,000 in noninterest income and a decrease in the provision for loan losses of $225,000, partially offset by an increase of $666,000 in noninterest expense.

Interest Income. Interest income decreased $785,000 to $13.3 million for the three-month period ended June 30, 2003. The decrease was due to a decrease in the average yield earned on interest-earning assets from 6.95% for the three months ended June 30, 2002 to 6.06% for the three months ended June 30, 2003, partially offset by a $67.9 million or 8.4% increase in average interest-earning assets outstanding for the three months ended June 30, 2003 compared to the 2002 period.

Interest Expense. Interest expense decreased $967,000 or 13.3%, from $7.3 million for the three-month period ended June 30, 2002 to $6.3 million for the three-month period ended June 30, 2003. The decrease was primarily due to a decrease in the average cost of interest-bearing liabilities from 3.82% for the three months ended June 30, 2002 to 3.06% for the comparable 2003 period, partially offset by an increase of $61.2 million in average interest-bearing liabilities outstanding. Average interest-bearing deposits increased $74.2 million from $587.6 million outstanding during the three months ended June 30, 2002 to $661.8 million outstanding during the comparable period for 2003. Average borrowings decreased $13.0 million from $175.8 million during the three months ended June 30, 2002 to $162.8 million for the comparable 2003 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. It is based upon the volume and type of lending conducted by the Company, the Company's 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, 2003 and 2002 of $388,000 and $613,000, respectively. Net loans charged off for the three-month periods ended June 30, 2003 and 2002 were $273,000 and $185,000, respectively. Management believes that the allowance for loan losses, which was $5.4 million or .71% of gross loans at June 30, 2003 is adequate.

Noninterest Income. Noninterest income increased $557,000 or 63.7% from $875,000 during the 2002 period to $1.4 million during the 2003 period. The increase was partly due to a $233,000 increase in gain on sales of loans held for sale. The Company has decided to sell an increased number of fixed-rate residential mortgage loans it originates in the secondary market due to the low interest-rate environment.

Noninterest Expense. Noninterest expense increased by $666,000 or 18.5% from $3.6 million for the three-month period ended June 30, 2002 to $4.3 million for the three-month period ended June 30, 2003. The increase was primarily due to increases of $366,000 in salaries and employee benefits and $117,000 in occupancy expense related to the overall growth of the Company.

Income Taxes. The income tax provision increased from $1.3 million for the three-month period ended June 30, 2002 (an effective tax rate of 36.7%) to $1.4 million (an effective tax rate of 37.6%) for the corresponding period in 2003.





Comparison of the Six-Month Periods Ended June 30, 2003 and 2002

General Operating Results. Net income for the six-month period ended June 30, 2003 was $4.7 million, or $.88 per basic share and $.86 per diluted share, compared to $4.4 million, or $.83 per basic share and $.81 per diluted share, for the comparable period in 2002. All per share information has been adjusted to reflect the three-for-two stock split in 2003. The increase in net income was primarily a result of an increase of $865,000 in net interest income and an increase of $947,000 in noninterest income, partially offset by an increase of $1.3 million in noninterest expense.

Interest Income. Interest income decreased $1.1 million to $26.9 million for the six-month period ended June 30, 2003. The decrease was due to a decrease in the average yield earned on interest-earning assets from 6.96% for the six months ended June 30, 2002 to 6.11% for the six months ended June 30, 2003, partially offset by a $76.5 million or 9.5% increase in average interest-earning assets outstanding for the six months ended June 30, 2003 compared to the 2002 period.

Interest Expense. Interest expense decreased $1.9 million or 13.0%, from $14.8 million for the six-month period ended June 30, 2002 to $12.9 million for the six-month period ended June 30, 2003. The decrease was primarily due to a decrease in the average cost of interest-bearing liabilities from 3.92% for the six months ended June 30, 2002 to 3.11% for the comparable 2003 period, partially offset by an increase of $71.5 million in average interest-bearing liabilities outstanding. Average interest-bearing deposits increased $77.5 million from $582.7 million outstanding during the six months ended June 30, 2002 to $660.2 million outstanding during the comparable period for 2003. Average borrowings decreased $6.0 million from $172.0 million during the six months ended June 30, 2002 to $166.0 million for the comparable 2003 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. It is based upon the volume and type of lending conducted by the Company, the Company's 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, 2003 and 2002 of $794,000 and $871,000, respectively. Net loans charged off for the six-month periods ended June 30, 2003 and 2002 were $549,000 and $459,000, respectively. Management believes that the allowance for loan losses, which was $5.4 million or .71% of gross loans at June 30, 2003 is adequate.

Noninterest Income. Noninterest income increased $947,000 or 53.6% from $1.8 million during the 2002 period to $2.7 million during the 2003 period. The increase was mainly due to a $478,000 increase in gain on sales of loans held for sale. The Company has decided to sell an increased number of fixed-rate residential mortgage loans it originates in the secondary market due to the low interest-rate environment.

Noninterest Expense. Noninterest expense increased by $1.4 million or 19.1% from $7.0 million for the six-month period ended June 30, 2002 to $8.4 million for the six-month period ended June 30, 2003. The increase was primarily due to increases of $796,000 in salaries and employee benefits and $192,000 in occupancy expense related to the overall growth of the Company.

Income Taxes. The income tax provision increased from $2.6 million for the six-month period ended June 30, 2002 (an effective tax rate of 37.2%) to $2.9 million (an effective tax rate of 37.8%) for the corresponding period in 2003.





## 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 have been no significant changes in the Company's market risk exposure since December 31, 2002. The Company does not believe that the interest rate swap entered into in September 2002 exposes the Company to significant interest rate risk.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures. The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the Chief Executive and Chief Financial officers of the Company concluded that the Company's disclosure controls and procedures were adequate.

b. Changes in internal controls. The Company made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the Chief Executive and Chief Financial officers.

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

The Holding Company has the right at one or more times, unless an event of default exists under the floating rate junior subordinated deferrable interest debentures due September 26, 2032 (the "Debentures"), to defer interest payments on the Debentures for up to twenty consecutive quarterly periods. During that time, the Holding Company will be prohibited from declaring or paying cash dividends on its common stock.

Item 3. Defaults 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 8, 2003, to consider: (i) the election of three directors each for a term of three years, (ii) approval of the amendment of the Articles of Incorporation and (iii) the ratification of the appointment of the Company's independent auditors for the year ending December 31, 2003. At the Annual Meeting, incumbent Directors Joseph J. Junod, Claron D. Wagner and Paul K. Mueller, were reelected. The terms of Directors Howard H. Hewitt, H.D. Robuck, Jr., Stephen T. Kurtz, James P. Logan and Ted R. Ostrander, Jr. continued after the Annual Meeting.

At the Annual Meeting, 4,550,473 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:

| | For | Withheld | Against | Abstentions and Broker Nonvotes |
|---|---|---|---|---|
| Claron D. Wagner | 4,291,974 | 258,499 | - | - |
| Joseph J. Junod | 4,294,678 | 255,795 | - | - |
| Paul K. Mueller | 4,293,055 | 257,418 | - | - |

Proposal II:

To amend the Articles of Incorporation to increase the number of authorized common shares from 9,000,000 to 15,000,000:

| For | Withheld | Against | Abstentions and Broker Nonvotes |
|---|---|---|---|
| 4,206,782 | - | 319,532 | 24,159 |

Proposal III:

To ratify the appointment of Hacker, Johnson & Smith PA as the Company's independent auditors for the year ending December 31, 2003:

| For | Withheld | Against | Abstentions and Broker Nonvotes |
|---|---|---|---|
| 4,533,171 | - | 902 | 16,400 |

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 Certification
- 99.2 CFO Certification
- 99.3 CEO Certification required under Section 906 of Sarbanes-Oxley Act of 2002
- 99.4 CFO Certification 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) The following Form 8-K's were filed during the three-month period ended June 30, 2003:

On April 11, 2003, the Company filed a Form 8-K to disclose that the Company had issued a press release to announce the Company's first quarter earnings and declaration of a dividend.

On June 16, 2003, the Company filed a Form 8-K to disclose that the Company had issued a press release to announce that the Company was slated to join the Russell 3000 Index.

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 hereunto duly authorized.

Date: July 11, 2003

FFLC Bancorp Inc.

By: /s/ Stephen T. Kurtz

Name: Stephen T. Kurtz
Title: President and Chief Executive Officer

By: /s/ Paul K. Mueller

Name: Paul K. Mueller
Title: Executive Vice President and Chief Financial Officer