UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

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 0-11487

LAKELAND FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA	35-1559596
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

202 East Center Street P.O. Box 1387, Warsaw, Indiana	46581-1387
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (574)267-6144

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 [x] NO [ ]

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

Class	Outstanding at April 30, 2005
Common Stock, No Par Value	5,913,918

LAKELAND FINANCIAL CORPORATION

Form 10-Q Quarterly Report

Table of Contents

PART I.

PART II.

Part 1
LAKELAND FINANCIAL CORPORATION
ITEM 1 - FINANCIAL STATEMENTS

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of March 31, 2005 and December 31, 2004
(in thousands)

	March 31, 2005 (Unaudited)	December 31, 2004
ASSETS		
Cash and due from banks	$ 52,419	$ 81,144
Short-term investments	5,665	22,714
Total cash and cash equivalents	58,084	103,858
Securities available-for-sale (carried at fair value)	285,162	286,582
Real estate mortgages held-for-sale	2,726	2,991
Loans, net of allowance for loan losses of $11,115 and $10,754	1,011,069	992,465
Land, premises and equipment, net	24,951	25,057
Bank owned life insurance	17,156	16,896
Accrued income receivable	6,044	5,765
Goodwill	4,970	4,970
Other intangible assets	1,193	1,245
Other assets	14,677	13,293
Total assets	$ 1,426,032	$ 1,453,122

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of March 31, 2005 and December 31, 2004
(in thousands except for share and per share data)

	March 31, 2005 (Unaudited)	December 31, 2004
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Noninterest bearing deposits	$ 228,391	$ 237,261
Interest bearing deposits	904,155	878,138
Total deposits	1,132,546	1,115,399
Short-term borrowings:		
Federal funds purchased	12,500	20,000
Securities sold under agreements to repurchase	89,959	88,057
U.S. Treasury demand notes	1,262	2,593
Other borrowings	35,000	75,000
Total short-term borrowings	138,721	185,650
Accrued expenses payable	8,505	7,445
Other liabilities	2,015	1,889
Long-term borrowings	10,046	10,046
Subordinated debentures	30,928	30,928
Total liabilities	1,322,761	1,351,357
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,950,554 shares issued and 5,914,149 outstanding as of March 31, 2005, and 5,915,854 shares issued and 5,881,283 outstanding at December 31, 2004	1,453	1,453
Additional paid-in capital	13,316	12,463
Retained earnings	92,675	89,864
Accumulated other comprehensive loss	(3,353)	(1,267)
Treasury stock, at cost	(820)	(748)
Total stockholders' equity	103,271	101,765
Total liabilities and stockholders' equity	$ 1,426,032	$ 1,453,122

The accompanying notes are an integral part of these consolidated financial statements.

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2005 and 2004
(in thousands except for share and per share data)

(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
NET INTEREST INCOME		
Interest and fees on loans:		
Taxable	$ 14,513	$ 11,443
Tax exempt	45	68
Interest and dividends on securities:		
Taxable	2,272	2,179
Tax exempt	587	584
Short-term investments	56	28
Total interest income	17,473	14,302
Interest on deposits	4,448	3,031
Interest on short-term borrowings	680	346
Interest on long-term borrowings	494	590
Total interest expense	5,622	3,967
NET INTEREST INCOME	11,851	10,335
Provision for loan losses	458	252
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,393	10,083
NONINTEREST INCOME		
Trust and brokerage income	728	739
Service charges on deposit accounts	1,549	1,657
Loan, insurance and service fees	415	487
Merchant card fee income	536	500
Other income	647	330
Net gains on sale of real estate mortgages held for sale	244	320
Total noninterest income	4,119	4,033
NONINTEREST EXPENSE		
Salaries and employee benefits	5,146	4,925
Net occupancy expense	656	578
Equipment costs	517	439
Data processing fees and supplies	558	595
Credit card interchange	328	290
Other expense	2,158	2,081
Total noninterest expense	9,363	8,908

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2005 and 2004
(in thousands except for share and per share data)

(Unaudited)

(Page 2 of 2)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
INCOME BEFORE INCOME TAX EXPENSE	6,149	5,208
Income tax expense	2,094	1,706
NET INCOME	$ 4,055	$ 3,502
Other comprehensive income/(loss), net of tax:		
Unrealized gain/(loss) on available-for-sale securities	(2,086)	1,451
TOTAL COMPREHENSIVE INCOME	$ 1,969	$ 4,953
AVERAGE COMMON SHARES OUTSTANDING FOR BASIC EPS	5,936,370	5,842,946
BASIC EARNINGS PER COMMON SHARE	$ 0.68	$ 0.60
AVERAGE COMMON SHARES OUTSTANDING FOR DILUTED EPS	6,132,482	6,052,537
DILUTED EARNINGS PER SHARE	$ 0.66	$ 0.58

The accompanying notes are an integral part of these consolidated financial statements.

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2005 and 2004
(in thousands)

(Unaudited)

(Page 1 of 2)

	2005	2004
Cash flows from operating activities:		
Net income	$ 4,055	$ 3,502
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	494	460
Provision for loan losses	458	252
Amortization of intangible assets	52	54
Amortization of loan servicing rights	151	147
Net change in loan servicing rights valuation allowance	(51)	159
Loans originated for sale	(10,048)	(13,448)
Net gain on sale of loans	(244)	(320)
Proceeds from sale of loans	10,459	13,594
Net loss on sale of premises and equipment	0	25
Net securities amortization	732	822
Stock compensation expense	0	33
Earnings on life insurance	(192)	(151)
Net change:		
Accrued income receivable	(279)	(163)
Accrued expenses payable	2,338	(215)
Other assets	(1,209)	1,814
Other liabilities	126	52
Total adjustments	2,787	3,115
Net cash from operating activities	6,842	6,617
Cash flows from investing activities:		
Proceeds from maturities, sales and calls of securities available-for-sale	9,967	14,049
Purchases of securities available-for-sale	(12,572)	(16,205)
Purchase of life insurance	(68)	(91)
Net increase in total loans	(19,062)	(13,626)
Proceeds from sales of land, premises and equipment	43	26
Purchase of land, premises and equipment	(431)	(330)
Net cash from investing activities	(22,123)	(16,177)

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2005 and 2004
(in thousands)

(Unaudited)

	2005	2004
Cash flows from financing activities:		
Net increase in total deposits	$ 17,147	$ 80,420
Net decrease in short-term borrowings	(46,929)	(69,947)
Payments on long-term borrowings	0	(1)
Dividends paid	(1,243)	(1,109)
Proceeds from stock options exercise	604	312
Purchase of treasury stock	(72)	(82)
Net cash from financing activities	(30,493)	9,593
Net increase (decrease) in cash and cash equivalents	(45,774)	33
Cash and cash equivalents at beginning of the period	103,858	57,441
Cash and cash equivalents at end of the period	$ 58,084	$ 57,474
Cash paid during the period for:		
Interest	$ 5,292	$ 3,392
Income taxes	$ 0	$ 0
Loans transferred to other real estate	$ 0	$ 0

The accompanying notes are an integral part of these consolidated financial statements.

LAKELAND FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005

(Unaudited)

NOTE 1. BASIS OF PRESENTATION

This report is filed for Lakeland Financial Corporation (the "Company") and its wholly-owned subsidiary, Lake City Bank (the "Bank"). All significant inter-company balances and transactions have been eliminated in consolidation. Also included is the Bank's wholly-owned subsidiary, LCB Investments Limited ("LCB Investments").

The unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation have been included. Operating results for the three-month period ending March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. The 2004 Lakeland Financial Corporation Annual Report on Form 10-K should be read in conjunction with these statements.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued Statement 123 (revised 2004), Share-Based Payment. Among other items, SFAS No. 123(R) eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements. On April 14, 2005 the Securities and Exchange Commission announced that the effective date for SFAS 123(R) would be delayed until January 1, 2006, for calendar year companies. The Company plans to adopt this standard as of January 1, 2006 and will begin expensing any unvested stock options at that time. The Company does not anticipate the adoption of this standard will have any material effect on the Company's financial condition or results of operations.

NOTE 3. EARNINGS PER SHARE

Basic earnings per common share is based upon weighted-average common shares outstanding. Diluted earnings per share show the dilutive effect of additional common shares issueable.

Employee compensation expense under stock options is reported using the intrinsic value method. No stock-based compensation cost is reflected in net income at the time of grant, as all options granted had an exercise price equal to or greater than the market price of the underlying common stock at date of grant. No additional options were granted in the first three months of 2005. Had compensation cost for stock options been recorded in the financial statements, net income and earnings per share would have been the pro forma amounts indicated below. The pro forma effect may increase in the future if more options are granted.

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net income (in thousands) as reported	$ 4,055	$ 3,502
Deduct: stock-based compensation expense determined under fair value based method	100	105
Pro forma net income	$ 3,955	$ 3,397
Basic earnings per common share as reported	$ 0.68	$ 0.60
Pro forma basic earnings per share	$ 0.67	$ 0.58
Diluted earnings per share as reported	$ 0.66	$ 0.58
Pro forma diluted earnings per share	$ 0.65	$ 0.56

The common shares outstanding for the stockholders' equity section of the consolidated balance sheet at March 31, 2005 reflects the acquisition of 36,405 shares of Company common stock to offset a liability for a directors' deferred compensation plan. These shares are treated as outstanding when computing the weighted-average common shares outstanding for the calculation of both basic and diluted earnings per share.

NOTE 4. LOANS

	March 31, 2005	December 31, 2004
	(in thousands)	
Commercial and industrial loans	$ 716,602	$ 688,211
Agri-business and agricultural loans	92,235	102,749
Real estate mortgage loans	52,073	47,642
Real estate construction loans	5,848	6,719
Installment loans and credit cards	155,574	158,065
Subtotal	1,022,332	1,003,386
Less: Allowance for loan losses	(11,115)	(10,754)
Net deferred loan fees	(148)	(167)
Loans, net	$ 1,011,069	$ 992,465
Impaired loans	$ 8,885	$ 9,309
Non-performing loans	$ 9,685	$ 9,990
Allowance for loan losses to total loans	1.09%	1.07%

Changes in the allowance for loan losses are summarized as follows:

	Three months ended March 31,	
	2005	2004
Balance at beginning of period	$ 10,754	$ 10,234
Provision for loan losses	458	252
Charge-offs	(144)	(100)
Recoveries	47	91
Net loans charged-off	97	9
Balance at end of period	$ 11,115	$ 10,477

NOTE 5. SECURITIES

The fair values of securities available for sale are as follows:

	March 31, 2005	December 31, 2004
	(in thousands)	
U.S. Treasury securities	$ 964	$ 989
U.S. Government agencies	26,160	22,885
Mortgage-backed securities	205,620	208,961
State and municipal securities	52,418	53,747
Total	$ 285,162	$ 286,582

As of March 31, 2005, net unrealized losses on the total securities available for sale portfolio totaled $3.4 million. As of December 31, 2004, net unrealized losses on the total securities available for sale portfolio totaled $142,000.

NOTE 6. EMPLOYEE BENEFIT PLANS

Components of Net Periodic Benefit Cost

	Three Months Ended March 31			
	Pension Benefits		SERP Benefits	
	2005	2004	2005	2004
Service cost	$ 0	$ 0	$ 0	$ 0
Interest cost	37	37	20	20
Expected return on plan assets	(36)	(31)	(26)	(25)
Recognized net actuarial loss	10	10	11	9
Net pension expense	$ 11	$ 16	$ 5	$ 4

The Company previously disclosed in its financial statements for the year ended December 31, 2004, that it expected to contribute $422,000 to its pension plan and $106,000 to its SERP plan in 2005. As of March 31, 2005, $106,000 had been contributed to the SERP plan and $0 to the pension plan. The Company presently anticipates contributing $422,000 to its pension plan in 2005.

NOTE 7. RECLASSIFICATIONS

Certain amounts appearing in the financial statements and notes thereto for prior periods have been reclassified to conform with the current presentation. The reclassification had no effect on net income or stockholders' equity as previously reported.

Part 1
LAKELAND FINANCIAL CORPORATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
and
RESULTS OF OPERATION

March 31, 2005

OVERVIEW

Lakeland Financial Corporation is the holding company for Lake City Bank. The Company is headquartered in Warsaw, Indiana and operates 43 offices in 12 counties in northern Indiana. The Company earned $4.1 million for the first three months of 2005, versus $3.5 million in the same period of 2004, an increase of 15.8%. The increase was driven by a $1.5 million increase in net interest income. Offsetting this positive impact were increases of $455,000 in noninterest expense and $206,000 in the provision for loan losses. Basic earnings per share for the first three months of 2005 were $0.68 per share versus $0.60 per share for the first three months of 2004. Diluted earnings per share reflect the potential dilutive impact of stock options granted under the stock option plan. Diluted earnings per share for the first three months of 2005 were $0.66 per share, versus $0.58 per share for the first three months of 2004.

RESULTS OF OPERATIONS

Net Interest Income

For the three-month period ended March 31, 2005, net interest income totaled $11.9 million, an increase of 14.7%, or $1.5 million versus the first three months of 2004. Net interest income increased in the three-month period of 2005 versus the comparable period of 2004, primarily due to a 12 basis point increase in the net interest margin from 3.65% to 3.77%, and an increase in average earning assets. For the three-month period ended March 31, 2005, average earning assets increased by $128.2 million, or 10.9%, to $1.305 billion, and average noninterest bearing demand deposits increased by $29.4 million, or 15.7%, to $216.3 million, versus the same period in 2004.

Given the Company's mix of interest earning assets and interest bearing liabilities at March 31, 2005, the net interest margin could be expected to increase in a rising rate environment. Management expects the net interest margin will improve during 2005 versus 2004, as the effects of recent rate increases by the Federal Reserve are felt.

During the first three months of 2005, total interest and dividend income increased by $3.2 million, or 22.2% to $17.5 million, versus $14.3 million during the first three months of 2004. The tax equivalent yield on average earning assets increased by 52 basis points to 5.5% for the three-month period ended March 31, 2005 versus the same period of 2004.

The average daily loan balances for the first three months of 2005 increased 14.3% to $1.010 billion, over the average daily loan balances of $883.7 million for the same period of 2004. During the same period, loan interest income increased by $3.0 million, or 26.5%, to $14.6 million. The increase was the result of a 60 basis point increase in the tax equivalent yield on loans to 5.9% from 5.3% in the first three months of 2005.

The average daily securities balances for the first three months of 2005 increased $3.9 million, or 1.4%, to $286.0 million, versus $282.1 million for the same period of 2004. During the same periods, income from securities increased by $96,000, or 3.5%, to $2.9 million versus $2.8 million during the first three months of 2004. The increase was primarily the result of a 10 basis point increase in the tax equivalent yields on securities, to 4.5% versus 4.4% in the first three months of 2004.

Total interest expense increased $1.7 million, or 41.7%, to $5.6 million for the three-month period ended March 31, 2005, from $4.0 million for the comparable period in 2004. The increase was primarily the result of a 40 basis point increase in the Company's daily cost of funds to 1.75%, versus 1.35% for the same period of 2004.

On an average daily basis, total deposits (including demand deposits) increased $140.8 million, or 14.5%, to $1.110 billion for the three-month period ended March 31, 2005, versus $968.7 million during the same period in 2004. On an average daily basis, noninterest bearing demand deposits increased $29.4 million, or 15.7% for the three-month period ended March 31, 2005, versus the same period in 2004. When comparing the three months ended March 31, 2005 with the same period of 2004, the average daily balance of time deposits, which pay a higher rate of interest compared to demand deposit and transaction accounts, increased $113.1 million primarily as a result of increases in public fund deposits. The rate paid on time deposit accounts increased 42 basis points to 2.9% versus the same period in 2004.

Management believes that it is critical to grow demand deposit accounts in both the dollar volume and total number of accounts. These accounts typically provide the Company with opportunities to expand into ancillary activities for both retail and commercial customers. In addition, they represent low cost deposits. Furthermore, the Company is focused on growing transaction money market accounts which also provide a reasonable cost of funds and generally represent relationship accounts.

Average daily balances of borrowings decreased $18.5 million, or 8.7%, to $193.5 million for the three months ended March 31, 2005 versus $212.0 million for the same period in 2004. The rate on borrowings increased 70 basis points when comparing the three-month period of 2005 with the same period of 2004. On an average daily basis, total deposits (including demand deposits) and purchased funds increased 10.4% when comparing the three-month period ended March 31, 2005 versus the same period in 2004. The following tables set forth consolidated information regarding average balances and rates.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY;
INTEREST RATES AND INTEREST DIFFERENTIAL
(in thousands of dollars)

	Three Months Ended March 31,					
	2005			2004		
	Average Balance	Interest Income	Yield (1)	Average Balance	Interest Income	Yield (1)
ASSETS						
Earning assets:						
Loans:						
Taxable (2)(3)	$ 1,004,608	$ 14,513	5.86 %	$ 875,479	$ 11,443	5.26 %
Tax exempt (1)	4,999	60	4.83	8,212	96	4.70
Investments: (1)						
Available for sale	285,971	3,145	4.46	282,053	3,058	4.36
Short-term investments	5,942	34	2.32	8,177	19	0.93
Interest bearing deposits	3,597	22	2.48	3,007	9	1.20
Total earning assets	1,305,117	17,774	5.52 %	1,176,928	14,625	5.00 %
Nonearning assets:						
Cash and due from banks	54,120	0		47,768	0	
Premises and equipment	25,017	0		26,064	0	
Other nonearning assets	42,946	0		41,015	0	
Less allowance for loan loss losses	(10,893)	0		(10,362)	0	
Total assets	$ 1,416,307	$ 17,774		$ 1,281,413	$ 14,625	

(1) Tax exempt income was converted to a fully taxable equivalent basis at a 35 percent tax rate for 2005 and 2004. The tax equivalent rate for tax exempt loans and tax exempt securities acquired after January 1, 1983 included the TEFRA adjustment applicable to nondeductible interest expenses.

(2) Loan fees, which are immaterial in relation to total taxable loan interest income for the three months ended March 31, 2005 and 2004, are included as taxable loan interest income.

(3) Nonaccrual loans are included in the average balance of taxable loans.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY;
INTEREST RATES AND INTEREST DIFFERENTIAL (Cont.)
(in thousands of dollars)

	Three Months Ended March 31,					
	2005			2004		
	Average Balance	Interest Expense	Yield	Average Balance	Interest Expense	Yield
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest bearing liabilities:						
Savings deposits	$ 70,448	$ 17	0.10 %	$ 64,953	$ 28	0.17 %
Interest bearing checking accounts	339,157	992	1.19	346,328	738	0.86
Time deposits:						
In denominations under $100,000	220,829	1,582	2.91	205,378	1,440	2.82
In denominations over $100,000	262,831	1,857	2.87	165,164	825	2.01
Miscellaneous short-term bbborrowings	152,503	680	1.81	150,989	346	0.92
Long-term borrowings	40,973	494	4.89	60,974	590	3.89
Total interest bearing liabilities	1,086,741	5,622	2.10 %	993,786	3,967	1.61 %
Noninterest bearing liabilities and stockholders' equity:						
Demand deposits	216,286	0		186,901	0	
Other liabilities	9,655	0		8,282	0	
Stockholders' equity	103,625	0		92,444	0	
Total liabilities and stockholders' equity	$ 1,416,307	$ 5,622		$ 1,281,413	$ 3,967	
Net interest differential - yield on average daily earning assets		$ 12,152	3.77 %		$ 10,658	3.65 %

Provision for Loan Losses

Based on management's review of the adequacy of the allowance for loan losses, provisions for losses on loans of $458,000 were recorded during the three-month period ended March 31, 2005, versus provisions of $252,000 recorded during the same period of 2004. The increase in the provision for loan losses for the period ended March 31, 2005 reflected a number of factors, including the level of charge-offs, management's overall view on current credit quality, the amount and status of impaired loans and the amount and status of past due accruing loans (90 days or more), as discussed in more detail below in the analysis relating to the Company's financial condition.

Noninterest Income

Noninterest income categories for the three-month periods ended March 31, 2005 and 2004 are shown in the following table:

	Three Months Ended March 31,		
	2005	2004	Percent Change
		(in thousands)	
Trust and brokerage income	$ 728	$ 739	(1.5)%
Service charges on deposit accounts	1,549	1,657	(6.5)
Loan, insurance and service fees	415	487	(14.8)
Merchant card fee income	536	500	7.2
Other income	647	330	96.1
Net gains on the sale of real estate mortgages held for sale	244	320	(23.8)
Total noninterest income	$ 4,119	$ 4,033	2.1 %

Noninterest income increased $86,000, or 2.1% to $4.1 million for the three-month period ended March 31, 2005 versus the same period in 2004. Other income increased, primarily due to a $62,000 gain on the sale of other real estate, as well as a $51,000 reduction in the loan servicing rights valuation allowance during the first quarter of 2005, versus a $159,000 increase in the allowance during the first quarter of 2004. Partially offsetting these increases were decreases of $108,000 in service charges on deposit accounts. This decline was driven by increases in the earnings credit available to offset service charges on commercial checking accounts as well as reduced overdraft activity resulting in fewer overdraft charges. Gains on sale of mortgages decreased $76,000 as mortgage originations decreased from $13.4

million in the first quarter of 2004 to $10.0 million in the first quarter of 2005. The decreases in volume in 2005 were primarily the result of rising mortgage rates during 2004 and 2005, which resulted in decreased mortgage refinance activity and decreased demand for home mortgages during 2005.

Noninterest Expense

Noninterest expense categories for the three-month periods ended March 31, 2005 and 2004 are shown in the following table:

	Three Months Ended March 31,		
	2005	2004	Percent Change
	(in thousands)		
Salaries and employee benefits	$ 5,146	$ 4,925	4.5 %
Net occupancy expense	656	578	13.5
Equipment costs	517	439	17.8
Data processing fees and supplies	558	595	(6.2)
Credit card interchange	328	290	13.1
Other expense	2,158	2,081	3.7
Total noninterest expense	$ 9,363	$ 8,908	5.1 %

Noninterest expense increased $455,000, or 5.1%, to $9.4 million for the three-month period ended March 31, 2005 versus the same period in 2004. The increase was driven by a $221,000 increase in salaries and employee benefits due largely to higher health care costs as well as normal salary increases. In addition, net occupancy expense increased by $78,000 due to higher property tax expense, and equipment costs also increased by $78,000 due to higher depreciation expense.

Income Tax Expense

Income tax expense increased $388,000, or 22.7%, for the first three months of 2005, compared to the same period in 2004. The combined state franchise tax expense and the federal income tax expense as a percentage of income before income tax expense increased to 34.1% during the first three months of 2005 compared to 32.8% during the same period in 2004. The increase was driven by a decrease in the amount of income derived from tax-advantaged sources.

CRITICAL ACCOUNTING POLICIES

Certain of the Company's accounting policies are important to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Some of the facts and circumstances which could affect these judgments include changes in interest rates, in the performance of the economy or in the financial condition of borrowers. Management believes that its critical accounting policies include determining the allowance for loan losses, determining the fair value of securities and other financial instruments and the valuation of mortgage servicing rights. The Company's critical accounting policies are discussed in detail in the Annual Report for the year ended December 31, 2004 (incorporated by reference as part of the Company's 10-K filing).

FINANCIAL CONDITION

Total assets of the Company were $1.426 billion as of March 31, 2005, a decrease of $27.1 million, or 1.9%, when compared to $1.453 billion as of December 31, 2004.

Total cash and cash equivalents decreased by $45.8 million, or 44.1%, to $58.1 million at March 31, 2005 from $103.9 million at December 31, 2004. The decrease was attributable to loan growth as well as repayment of short-term borrowings.

Total securities available-for-sale decreased by $1.4 million, or 0.5%, to $285.2 million at March 31, 2005 from $286.6 million at December 31, 2004. The decrease was a result of a number of transactions in the securities portfolio. Securities paydowns totaled $9.1 million and the fair market value of the securities portfolio decreased by $3.3 million. A rising interest rate environment during the first quarter of 2005 drove the market value decrease. Maturities and calls of securities totaled $865,000, and the amortization of premiums, net of the accretion of discounts totaled $732,000. These decreases were offset by securities purchases totaling $12.6 million. The investment portfolio is managed to limit the Company's exposure to risk by containing mostly collateralized mortgage obligations and other securities which are either directly or indirectly backed by the federal government or a local municipal government.

Real estate mortgages held-for-sale decreased by $265,000, or 8.9%, to $2.7 million at March 31, 2005 from $3.0 million at December 31, 2004. The balance of this asset category is subject to a high degree of variability depending on, among other things, recent mortgage loan rates and the timing of loan sales into the secondary market. During the three months ended March 31, 2005, $10.0 million in real estate mortgages were originated for sale and $10.3 million in mortgages were sold.

Total loans, excluding real estate mortgages held-for-sale, increased by $19.0 million, or 1.9%, to $1.022 billion at March 31, 2005 from $1.003 billion at December 31, 2004. The mix of loan types within the Company's portfolio consisted of 79% commercial, 6% real estate and 15% consumer loans at March 31, 2005 compared to 79% commercial, 5% real estate and 16% consumer at December 31, 2004.

The Company has a relatively high percentage of commercial and commercial real estate loans, most of which are extended to small or medium-sized businesses. Commercial loans represent higher dollar loans to fewer customers and therefore higher credit risk. Pricing is adjusted to manage the higher credit risk associated with these types of loans. The majority of fixed rate mortgage loans, which represent increased interest rate risk, are sold in the secondary market, as well as some variable rate mortgage loans. The remainder of the variable rate mortgage loans and a small number of fixed rate mortgage loans are retained. Management believes the allowance for loan losses is at a level commensurate with the overall risk exposure of the loan portfolio. However, as a result of the slow economic recovery, certain borrowers may experience difficulty and the level of non-performing loans, charge-offs, and delinquencies could rise and require further increases in the provision for loan losses.

Loans are charged against the allowance for loan losses when management believes that the uncollectibility of the principal is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance is an amount that management believes will be adequate to absorb probable incurred credit losses relating to specifically identified loans based on an evaluation as well as other probable incurred losses inherent in the loan portfolio. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to repay. Management also considers trends in adversely classified loans based upon a monthly review of those credits. An appropriate level of general allowance is determined based on the application of loss percentages to graded loans by categories. Federal regulations require insured institutions to classify their own assets on a regular basis. The regulations provide for three categories of classified loans - substandard, doubtful and loss. The regulations also contain a special mention category. Special mention is defined as loans that do not currently expose an insured institution to a sufficient degree of risk to warrant classification but do possess credit deficiencies or potential weaknesses deserving management's close attention. Assets classified as substandard or doubtful require the institution to establish general allowances for loan losses. If an asset or portion thereof is classified as loss, the insured institution must either establish specified allowances for loan losses in the amount of 100% of the portion of the asset classified loss, or charge off such amount. At March 31, 2005, on the basis of management's review of the loan portfolio, the Company had $23.4 million of assets classified as special mention, $24.5 million classified as substandard, $1.4 million classified as doubtful and $0 classified as loss as compared to $32.1 million, $23.3 million, $751,000 and $0 at December 31, 2004.

Allowance estimates are developed by management in consultation with regulatory authorities, taking into account actual loss experience, and are adjusted for current economic conditions. Allowance estimates are considered a prudent measurement of the risk in the Company's loan portfolio and are applied to individual loans based on loan type. In accordance with FASB Statements 5 and 114, the allowance is provided for losses that have been incurred as of the balance sheet date and is based on past events and current economic conditions, and does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions.

Total impaired loans decreased by $434,000 to $8.9 million at March 31, 2005 from $9.3 million at December 31, 2004. The decrease in the impaired loans category resulted primarily from the payoff of an impaired commercial credit. The impaired loan total included $6.9 million in nonaccrual loans. A loan is impaired when full payment under the original loan terms is not expected. Impairment is evaluated in total for smaller-balance loans of similar nature such as residential mortgage, consumer, and credit card loans, and on an individual loan basis for other loans. If a loan is impaired, a portion of the allowance may be allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. The following table summarizes nonperforming assets at March 31, 2005 and December 31, 2004.

	March 31, 2005	December 31, 2004
	(in thousands)	
NONPERFORMING ASSETS:		
Nonaccrual loans	$ 6,876	$ 7,213
Loans past due over 90 days and accruing	2,809	2,778
Total nonperforming loans	9,685	9,991
Other real estate	91	261
Repossessions	6	13
Total nonperforming assets	$ 9,782	$ 10,265
Total impaired loans	$ 8,885	$ 9,309
Nonperforming loans to total loans	0.95%	1.01%
Nonperforming assets to total assets	0.69%	0.71%

Total deposits increased by $17.1 million, or 1.5% to $1.133 billion at March 31, 2005 from $1.115 billion at December 31, 2004. The increase resulted from increases of $67.1 million in certificates of deposit and $5.7 million in money market accounts. Offsetting these increases were declines of $24.6 million in NOW accounts, $22.0 million in Investors' Money Market accounts, $8.9 million in demand deposits and $228,000 in savings accounts. Total short-term borrowings decreased by $46.9 million, or 25.3%, to $138.7 million at March 31, 2005 from $185.7 million at December 31, 2004. The decrease resulted primarily from declines of $40.0 million in other borrowings, primarily short-term advances from the Federal Home Loan Bank of Indianapolis, and $7.5 million in federal funds purchased.

Total stockholders' equity increased by $1.5 million, or 1.5%, to $103.3 million at March 31, 2005 from $101.8 million at December 31, 2004. Net income of $4.1 million, minus the decrease in the accumulated other comprehensive income of $2.1 million, minus dividends of $1.2 million plus $781,000 for stock issued through options exercised, minus $72,000 for the cost of treasury stock purchased, comprised most of this increase.

The Federal Deposit Insurance Corporation's risk based capital regulations require that all banking organizations maintain an 8.0% total risk based capital ratio. The FDIC has also established definitions of "well capitalized" as a 5.0% Tier I leverage capital ratio, a 6.0% Tier I risk based capital ratio and a 10.0% total risk based capital ratio. All of the Company's ratios continue to be above "well capitalized" levels. As of March 31, 2005, the Company's Tier 1 leverage capital ratio, Tier 1 risk based capital ratio and total risk based capital ratio were 9.2%, 11.6% and 12.5%, respectively.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk represents the Company's primary market risk exposure. The Company does not have a material exposure to foreign currency exchange risk, does not have any material amount of derivative financial instruments and does not maintain a trading portfolio. The board of directors annually reviews and approves the policy used to manage interest rate risk. The policy was last reviewed and approved in May 2004. The policy sets guidelines for balance sheet structure, which are designed to protect the Company from the impact that interest rate changes could have on net income, but does not necessarily indicate the effect on future net interest income. The Company, through its Asset/Liability Committee, manages interest rate risk by monitoring the computer simulated earnings impact of various rate scenarios and general market conditions. The Company then modifies its long-term risk parameters by attempting to generate the type of loans, investments, and deposits that currently fit the Company's needs, as determined by the Asset/Liability Committee. This computer simulation analysis measures the net interest income impact of various interest rate scenario changes during the next 12 months. If the change in net interest income is less than 3% of primary capital, the balance sheet structure is considered to be within acceptable risk levels. At March 31, 2005, the Company's potential pretax exposure was within the Company's policy limit, and not significantly different from December 31, 2004.

ITEM 4 - CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of March 31, 2005. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective. During the quarter ended March 31, 2005, the Company has not made a change to its disclosure controls and procedures or its internal controls over financial reporting that has materially affected or is reasonably likely to materially affect its disclosure controls or its controls over financial reporting.

FORWARD-LOOKING STATEMENTS

This document contains, and future oral and written statements of the Company and its management may contain, forward-looking statements, within the meaning of such term in the Private Securities Litigation Reform Act of 1995, with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors, which could have a material adverse effect on the operations and future prospects of the Company and its subsidiaries include, but are not limited to, the following:

- The strength of the United States economy in general and the strength of the local economies in which the Company conducts its operations which may be less favorable than expected and may result in, among other things, a deterioration in the credit quality and value of the Company's assets.

- The economic impact of past and any future terrorist attacks, acts of war or threats thereof and the response of the United States to any such threats and attacks.

- The effects of, and changes in, federal, state and local laws, regulations and policies affecting banking, securities, insurance and monetary and financial matters.

- The effects of changes in interest rates (including the effects of changes in the rate of prepayments of the Company's assets) and the policies of the Board of Governors of the Federal Reserve System.

- The ability of the Company to compete with other financial institutions as effectively as the Company currently intends due to increases in competitive pressures in the financial services sector.

- The ability of the Company to obtain new customers and to retain existing customers.

- The timely development and acceptance of products and services, including products and services offered through alternative delivery channels such as the Internet.

- Technological changes implemented by the Company and by other parties, including third party vendors, which may be more difficult or more expensive than anticipated or which may have unforeseen consequences to the Company and its customers.

- The ability of the Company to develop and maintain secure and reliable electronic systems.

- The ability of the Company to retain key executives and employees and the difficulty that the Company may experience in replacing key executives and employees in an effective manner.

- Consumer spending and saving habits, which may change in a manner that affects the Company's business adversely.

- Business combinations and the integration of acquired businesses, which may be more difficult or expensive than expected.

- The costs, effects and outcomes of existing or future litigation.

- Changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board.

- The ability of the Company to manage the risks associated with the foregoing as well as anticipated.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including other factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

Part II - Other Information

Item 1. Legal proceedings

There are no material pending legal proceedings to which the Company or its subsidiaries is a party other than ordinary routine litigation incidental to their respective businesses.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information as of March 31, 2005 with respect to shares of common stock repurchased by the Company during the quarter then ended:

Issuer Purchases of Equity Securities(a)

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs
January 1-31	1,834	$ 39.67	0	0
February 1-28	0	$ 0	0	0
March 1-31	0	$ 0	0	0
Total	1,834	$ 39.67		

(a) The shares purchased during the periods were credited to the deferred share accounts of seven non-employee directors under the Company's directors' deferred compensation plan.

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 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.

LAKELAND FINANCIAL CORPORATION
(Registrant)

Date: May 2, 2005 /s/Michael L. Kubacki
Michael L. Kubacki - President and Chief Executive Officer

Date: May 2, 2005 /s/David M. Findlay
David M. Findlay - Executive Vice President and Chief Financial Officer

Date: May 2, 2005 /s/Teresa A. Bartman
Teresa A. Bartman - Vice President and Controller

Exhibit 31.1

I, Michael L. Kubacki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lakeland Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

/s/Michael L. Kubacki
Michael L. Kubacki
President and Chief Executive Officer

Exhibit 31.2

I, David M. Findlay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lakeland Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

/s/David M. Findlay
David M. Findlay
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lakeland Financial Corporation (the "Company") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael L. Kubacki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Michael L. Kubacki

Michael L. Kubacki
Chief Executive Officer
May 2, 2005

A signed original of this written statement required by Section 906 has been provided to Lakeland Financial Corporation and will be retained by Lakeland Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lakeland Financial Corporation (the "Company") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Findlay, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/David M. Findlay

David M. Findlay
Chief Financial Officer
May 2, 2005

A signed original of this written statement required by Section 906 has been provided to Lakeland Financial Corporation and will be retained by Lakeland Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.