

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report January 15, 2004
(Date of earliest event reported)

Lakeland Financial Corporation
(Exact name of Registrant as specified in its charter)

Indiana
(State or other jurisdiction of incorporation)

0-11487 35-1559596
(Commission File Number) (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)

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

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired.

None.

(b) Pro Forma Financial Information.

None.

(c) Exhibits.

99.1 Press Release dated January 15, 2004

Item 12. Results of Operations and Financial Condition

On January 15, 2004, Lakeland Financial Corporation issued a press release announcing its earnings for the year ended December 31, 2003. The news release is attached as Exhibit 99.1.

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.

LAKELAND FINANCIAL CORPORATION

Dated: January 15, 2004

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

FOR IMMEDIATE RELEASE

Contact: David M. Findlay
Executive Vice President
and Chief Financial Officer
(574) 267-9197

LAKELAND FINANCIAL CORPORATION REPORTS
RECORD 2003 PERFORMANCE

Warsaw, Indiana (January 15, 2004) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported record net income of \$13.9 million for the year ended December 31, 2003, an increase of 12.1% versus \$12.4 million for 2002. Diluted net income per common share for the year ended December 31, 2003 was \$2.31 versus \$2.08 for 2002, an increase of 11.1%.

The Company also announced that the Board of Directors approved a cash dividend for the fourth quarter of \$0.19 per share, payable on January 26, 2004 to shareholders of record on January 10, 2004. The quarterly dividend represents a 12% increase over the quarterly dividend of \$0.17 paid in 2002.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented on the results, "2003 represents the 16th consecutive year of record earnings for Lakeland Financial Corporation. Our ongoing earnings performance is further evidenced by the consistency of an 11.9% compound annual growth rate in net income over the past five years. Earnings have been driven by an 11.4% compound annual growth rate in average loans and supported by a 9.7% compound annual growth rate in non-interest income. We believe that we have effectively managed noninterest expense over the same time period, recording a compound annual growth rate of 7.0%. This earnings performance has resulted entirely from internal growth in our existing Northern Indiana markets."

Kubacki continued, "We are equally gratified in the improvement in asset quality during 2003 as we concluded 2003 with total nonperforming assets of \$4.3 million, or 0.50% of total loans versus \$7.7 million, or 0.94% of total loans, at the end of 2002."

Net income was \$3.0 million in the fourth quarter of 2003, versus \$3.3 million for the comparable period in 2002, a decrease of 9.7%. Diluted net income per share for the fourth quarter of 2003 was \$0.50 versus \$0.57 in the comparable period of 2002. During the fourth quarter of 2003 the Company completed the issuance of \$30 million in floating rate trust preferred securities and used part of the proceeds to redeem \$20 million in existing fixed rate trust preferred securities. The redemption of the fixed rate securities resulted in a loss on extinguishment of \$804,000, or \$478,000 on a tax-effected basis. Excluding the impact of the loss on extinguishment, net income for the fourth quarter would have been \$3.5 million, or diluted net income per share of \$0.58 per share. For the twelve months ended December 31, 2003, net income excluding the impact of the loss on extinguishment would have been \$14.3 million, or diluted net income per share of \$2.39.

Although excluding this impact is a non-GAAP measure, management believes that it is important to provide such information due to the non-recurring nature of the trust preferred redemption and the ability it provides to more accurately compare the results of the periods presented. Additionally, management uses this information in evaluating the results of the operations of the company for the fourth quarter and the twelve months ended December 31, 2003.

Kubacki commented on the financing activity, "We took advantage of market conditions to replace our existing 9.00% fixed rate trust preferred securities with a variable rate instrument that more appropriately fits our balance sheet structure and should provide the Company with a considerably lower interest cost in 2004. In addition, with the growth in our balance sheet, we further strengthened our regulatory capital position with the increased amount of securities."

Kubacki further commented, "Despite the decline in our net interest margin, which decreased from 4.02% in 2002 to 3.82% in 2003, we were able to post great earnings growth for the year. With general interest rates remaining close to historical lows, it has become critical to our performance to focus our resources on growth in noninterest income and tight management of our expense environment. We succeeded on both fronts in 2003."

"Noninterest income for 2003 increased 24.0% to \$18.4 million versus \$14.9 million in 2002, driven by mortgage sales gains of \$3.0 million, an increase of \$1.1 million versus 2002. Also adding to the strong increase in noninterest income was a \$2.0 million increase in other income, which grew from \$3.7 million in 2002 to \$5.7 million for the comparable period in 2003. The drivers of this growth were the implementation of an insurance investment program, income due to a reduction in the valuation allowance related to accounting for mortgage servicing rights, increased lease income and gains on securities sales. On December 1, 2003, we completed our acquisition of the Fort Wayne trust operations of Indiana Capital Management and look forward to the revenue opportunities and business synergies that this acquisition will create in the Fort Wayne market," added Kubacki.

Average loans for the year ended December 31, 2003 increased by 9.9% to \$847.6 million versus \$770.9 million during 2002. Total loans as of December 31, 2003 were \$870.9 million versus \$822.7 million as of December 31, 2002 and \$847.7 million as of September 30, 2003. Lakeland Financial's allowance for loan losses as of December 31, 2003 was \$10.2 million, or 1.18% of gross loans, compared to \$9.5 million, or 1.16% of gross loans, as of December 31,

2002 and \$10.1 million, or 1.19% of gross loans as of September 30, 2003. Non-performing assets totaled \$4.3 million as of December 31, 2003 versus \$7.7 million on December 31, 2002 and \$6.2 million as of September 30, 2003. On a linked quarter basis, total nonperforming assets declined by approximately \$1.8 million from the end of the third quarter of 2003 to the end of the fourth quarter. The ratio of non-performing assets to loans was 0.50% on December 31, 2003 compared to 0.94% at December 31, 2002 and 0.73% at September 30, 2003.

Kubacki commented, "Average loans during the fourth quarter of 2003 were \$860.3 million versus \$853.4 million in the third quarter of 2003, an increase of approximately 1%. Net loan growth in the quarter continued to be challenging as our markets experience a slow economic rebound. Notwithstanding the moderate loan growth during the last half of 2003, we are beginning to recognize some improvement in our loan demand as we enter 2004."

Net charge offs totaled \$320,000 in the quarter versus \$315,000 in the fourth quarter of 2002 and \$102,000 during the third quarter of 2003. Net charge offs totaled \$1.6 million during the year ended December 31, 2003 versus \$1.5 million during the year ended December 31, 2002. For the year ended December 31, 2003, net charge offs were 0.18% of average loans versus 0.19% in 2002.

For the twelve months ended December 31, 2003, Lakeland Financial's average equity to average assets ratio was 7.05% versus 6.89% for 2002 and 7.01% for the third quarter of 2003. Average stockholders' equity for the year ended December 31, 2003 was \$87.3 million versus \$79.1 million for the comparable period in 2002. Average total deposits for the year ended December 31, 2003 were \$969.7 million versus \$863.7 million for the comparable period in 2002.

Lakeland Financial Corporation is a \$1.3 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank serves Northern Indiana with 42 branches located in the following Indiana counties: Kosciusko, Elkhart, Allen, St. Joseph, DeKalb, Fulton, Huntington, LaGrange, Marshall, Noble, Pulaski and Whitley.

Lakeland Financial Corporation may be accessed on its home page at www.lakecitybank.com. The Company's common stock is traded on the Nasdaq Stock Market under "LKFN". Marketmakers in Lakeland Financial Corporation common shares include Stifel Nicolaus & Company, Howe Barnes Investments, Inc., Raymond James & Associates, Inc., McDonald Investments, Inc., First Tennessee Capital Markets and Trident Securities.

This document contains, and future oral and written statements of the Company and its management may contain, forward-looking statements within the meaning of 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.

A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements. These factors include, among others, the following: (i) the strength of the local and national economy; (ii) 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 attacks and threats; (iii) changes in state and federal laws, regulations and governmental policies concerning the Company's general business; (iv) changes in interest rates and prepayment rates of the Company's assets; (v) increased competition in the financial services sector and the inability to attract new customers; (vi) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vii) the loss of key executives or employees; (viii) changes in consumer spending; (ix) unexpected results of acquisitions; (x) unexpected outcomes of existing or new litigation involving the Company; and (xi) changes in accounting policies and practices. 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 additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

LAKELAND FINANCIAL CORPORATION
FOURTH QUARTER 2003 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	3 Months Ended December 31		12 Months Ended December 31	
	2003	2002	2003	2002
END OF PERIOD BALANCES				
Assets	\$ 1,271,414	\$ 1,249,060	\$ 1,271,414	\$ 1,249,060

Deposits	926,391	913,325	926,391	913,325
Loans	870,882	822,676	870,882	822,676
Allowance for Loan Losses	10,234	9,533	10,234	9,533
Common Stockholders' Equity	90,022	83,880	90,022	83,880
AVERAGE BALANCES				
Assets				
Total Assets	\$ 1,260,792	\$ 1,201,460	\$ 1,239,089	\$ 1,148,750
Earning Assets	1,153,994	1,107,160	1,136,732	1,062,008
Investments	271,815	274,270	271,161	274,155
Loans	860,265	805,075	847,554	770,898
Liabilities and Stockholders' Equity				
Total Deposits	993,267	916,181	969,709	863,697
Interest Bearing Deposits	805,586	754,130	795,993	713,472
Interest Bearing Liabilities	975,773	942,456	967,995	906,377
Common Stockholders' Equity	88,973	82,623	87,310	79,080
INCOME STATEMENT DATA				
Net Interest Income	\$ 10,500	\$ 10,288	\$ 42,199	\$ 41,777
Net Interest Income-Fully Tax Equivalent	10,836	10,519	43,373	42,690
Provision for Loan Loss	490	766	2,254	3,056
Noninterest Income	4,621	4,281	18,427	14,863
Noninterest Expense	10,345	8,717	37,679	34,698
Net Income	3,010	3,332	13,865	12,366
PER SHARE DATA				
Basic Net Income Per Common Share	\$ 0.52	\$ 0.57	\$ 2.38	\$ 2.13
Diluted Net Income Per Common Share	0.50	0.57	2.31	2.08
Cash Dividends Per Common Share	0.19	0.17	0.76	0.68
Book Value Per Common Share (equity per share issued)	15.43	14.54	15.43	14.54
Market Value - High	37.47	25.00	37.47	29.76
Market Value - Low	33.51	22.22	23.00	17.26
Basic Weighted Average Common Shares Outstanding	5,829,072	5,813,984	5,819,916	5,813,984
Diluted Weighted Average Common Shares Outstanding	6,046,778	5,954,589	6,001,449	5,958,386
KEY RATIOS				
Return on Average Assets	0.95 %	1.10 %	1.12 %	1.08 %
Return on Average Common Stockholders' Equity	13.42	16.03	15.88	15.64
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	68.41	59.81	62.10	61.24
Average Equity to Average Assets	7.06	6.88	7.05	6.88
Net Interest Margin	3.73	3.77	3.82	4.02
Net Charge Offs to Average Loans	0.15	0.16	0.18	0.19
Loan Loss Reserve to Loans	1.18	1.16	1.18	1.16
Nonperforming Assets to Loans	0.50	0.94	0.50	0.94
Tier 1 Leverage	8.61	7.89	8.61	7.89
Tier 1 Risk-Based Capital	10.87	10.06	10.87	10.06
Total Capital	11.92	11.08	11.92	11.10
ASSET QUALITY				
Loans Past Due 90 Days or More	\$ 3,191	\$ 3,387	\$ 3,191	\$ 3,387
Non-accrual Loans	553	4,216	553	4,216
Net Charge Offs	320	315	1,553	1,469
Other Real Estate Owned	557	44	557	44
Other Nonperforming Assets	27	94	27	94
Total Nonperforming Assets	4,328	7,741	4,328	7,741

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of December 31, 2003 and December 31, 2002
(in thousands)

	December 31, 2003	December 31, 2002
	----- (Unaudited)	-----
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 52,297	\$ 74,149
Short-term investments	5,144	13,000
	-----	-----
Total cash and cash equivalents	57,441	87,149
Securities available-for-sale:		
U. S. Treasury and government agency securities	17,280	17,284
Mortgage-backed securities	211,142	222,036
State and municipal securities	52,945	34,785
	-----	-----
Total securities available-for-sale	281,367	274,105
Real estate mortgages held-for-sale	3,431	10,395
Loans:		
Total loans	870,882	822,676
Less: Allowance for loan losses	10,234	9,533
	-----	-----
Net loans	860,648	813,143
Land, premises and equipment, net	26,157	24,768
Accrued income receivable	5,010	4,999
Goodwill	4,970	4,970
Other intangible assets	1,460	1,042
Other assets	30,930	28,489
	-----	-----
Total assets	\$ 1,271,414	\$ 1,249,060
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	\$ 185,734	\$ 192,787
Interest bearing deposits	740,657	720,538
	-----	-----
Total deposits	926,391	913,325
Short-term borrowings:		
Federal funds purchased	24,000	30,000
Securities sold under agreements to repurchase	102,601	124,968
U.S. Treasury demand notes	3,160	4,000
Other borrowings	55,000	26,000
	-----	-----
Total short-term borrowings	184,761	184,968
Accrued expenses payable	7,804	12,503
Other liabilities	1,461	2,417
Long-term borrowings	30,047	31,348
Subordinated debentures	30,928	20,619
	-----	-----
Total liabilities	1,181,392	1,165,180
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,834,744 shares issued and 5,787,463 outstanding as of December 31 2003, and 5,813,984 shares issued and 5,767,010 outstanding at December 31, 2002	1,453	1,453
Additional paid-in capital	10,509	8,537
Retained earnings	80,260	70,819
Accumulated other comprehensive income/(loss)	(1,282)	3,937
Treasury stock, at cost	(918)	(866)
	-----	-----
Total stockholders' equity	90,022	83,880
	-----	-----
Total liabilities and stockholders' equity	\$ 1,271,414	\$ 1,249,060
	=====	=====

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Twelve Months Ended December 31, 2003 and 2002
(in thousands except for share data)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
INTEREST AND DIVIDEND INCOME				
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Interest and fees on loans: Taxable	\$ 11,408	\$ 12,123	\$ 46,861	\$ 49,083
Tax exempt	77	56	280	181
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Total loan income	11,485	12,179	47,141	49,264
Short-term investments	55	94	188	259
Securities:				
U.S. Treasury and government agency securities	133	315	593	1,392
Mortgage-backed securities	2,254	2,780	10,353	11,605
State and municipal securities	586	405	2,061	1,607
Other debt securities	0	0	0	208
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Total interest and dividend income	14,513	15,773	60,336	64,335
 INTEREST EXPENSE				
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Interest on deposits	3,170	4,236	14,079	17,091
Interest on short-term borrowings	213	461	1,110	2,552
Interest on long-term debt	630	788	2,948	2,915
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Total interest expense	4,013	5,485	18,137	22,558
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NET INTEREST INCOME	10,500	10,288	42,199	41,777
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Provision for loan losses	490	766	2,254	3,056
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,010	9,522	39,945	38,721
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NONINTEREST INCOME				
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Trust and brokerage fees	568	562	2,370	2,451
Service charges on deposit accounts	1,724	1,795	6,860	6,717
Other income (net)	1,458	1,214	5,679	3,726
Net gains on sale of real estate mortgages held for sale	363	710	3,018	1,914
Net securities gains/(losses)	508	0	500	55
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Total noninterest income	4,621	4,281	18,427	14,863
 NONINTEREST EXPENSE				
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Salaries and employee benefits	5,040	4,564	19,829	18,501
Occupancy and equipment expense	1,210	1,305	4,982	4,657
Loss on extinguishment of debt	804	0	804	0
Other expense	3,291	2,848	12,064	11,540
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Total noninterest expense	10,345	8,717	37,679	34,698
 INCOME BEFORE INCOME TAX EXPENSE				
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Income tax expense	1,276	1,754	6,828	6,520
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NET INCOME	\$ 3,010	\$ 3,332	\$ 13,865	\$ 12,366
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BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,829,072	5,813,984	5,819,916	5,813,984
BASIC EARNINGS PER COMMON SHARE	\$ 0.52	\$ 0.57	\$ 2.38	\$ 2.13
<hr style="border-top: 1px dashed black;"/>				
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,046,778	5,954,589	6,001,449	5,958,386
DILUTED EARNINGS PER COMMON SHARE	\$ 0.50	\$ 0.57	\$ 2.31	\$ 2.08
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