

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 July 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 July 15, 2004

Item 12. Results of Operations and Financial Condition

On July 15, 2004, Lakeland Financial Corporation issued a press release announcing its earnings for the six-months and three-months ended June 30, 2004. 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: July 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 EXPERIENCES
STRONG LOAN GROWTH
Second Quarter Performance and Cash Dividend Announced

Warsaw, Indiana (July 15, 2004) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported net income of \$3.3 million for the second quarter of 2004. Diluted net income per share for the quarter was \$0.55. Net income for the six months ended June 30, 2004 was \$6.8 million, or diluted net income per share of \$1.13.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented, "With loan growth of \$45 million during the quarter, we experienced the highest quarterly loan increase in the Bank's history. Since year-end 2003, loan growth of \$59 million has resulted in a 7% increase in loans. With this outstanding performance, we are in a great position to take advantage of a more favorable interest rate environment that is expected to exist in the second half of the year. Our market penetration in commercial lending improved in every market we serve during the first half of 2004 as a result of great business development efforts by our retail and commercial teams."

The Company also announced that the Board of Directors approved a cash dividend for the second quarter of \$0.21 per share, payable on July 26, 2004 to shareholders of record on July 10, 2004. The quarterly dividend represents an 11% increase over the quarterly dividend of \$0.19 paid in 2003.

The net income performance in the quarter compares to \$3.7 million, or \$0.63 per diluted share, in the same period of 2003 and \$3.5 million, or \$0.58 per diluted share in the first quarter of 2004. Net income for the six months ended June 30, 2004 compares to \$7.3 million, or \$1.22 per diluted share, for the same period of 2003.

Kubacki continued, "The extended period of historically low interest rates has significantly impacted our profitability, as demonstrated by the performance of the net interest margin and the mortgage business during the first half of 2004. Our net interest margin was 3.56% for the first six months of 2004 versus 3.92% in the same period of 2003. This erosion in margin reduced the positive impact of the record loan growth in the quarter and led to relatively flat net interest income for the quarter versus the same period of 2003. We expect to see an improvement in the net interest margin during the third quarter as a result of the recent interest rate increase."

Noninterest income excluding mortgage sales gains increased by 11% versus the comparable period in 2003. Leading the improvement were trust and brokerage fees, which increased 38%, or \$215,000. Other income increased by 14%, or \$136,000, and credit card fees increased 25%, or \$115,000. Total noninterest income decreased by \$793,000 in the second quarter, driven by a \$1.2 million reduction in mortgage sales gains versus the comparable period in 2003.

Kubacki observed, "Overall, fee based revenue improvement has been good during 2004. We have made progress in continuing to build our portfolio of fee-based services, with the exception of our mortgage business, which has slowed considerably in 2004."

The Company did not have any gain on sale of mortgages in the quarter as a result of the timing of mortgage rate increases. In addition, the value of the Company's mortgage servicing rights portfolio increased by \$230,000 during the second quarter, but only by \$71,000 year to date. The combination of mortgage sales gains and mortgage servicing rights valuation resulted in a decrease of \$1.7 million in revenue from \$2.1 million in the first six months of 2003 to \$364,000 in the same period in 2004.

"Recognizing the impact that the low interest rate environment has on our earnings power, we have maintained a tight focus on managing noninterest expenses. As a result, noninterest expense actually decreased by 1% for the quarter and year to date versus the comparable periods in 2003," added Kubacki.

Total loans as of June 30, 2004 were \$929.6 million versus \$884.5 million as of March 31, 2004 and \$839.4 million as of June 30, 2003. Average loans during the second quarter of 2004 were \$924.8 million compared to \$883.7 million in the first quarter of 2004, an increase of 5%.

Lakeland Financial's allowance for loan losses as of June 30, 2004 was \$10.6 million, compared to \$10.5 million as of March 31, 2004 and \$9.8 million as of June 30, 2003. Non-performing assets totaled \$4.7 million as of June 30, 2004 versus \$4.5 million as of March 31, 2004 and \$8.2 million on June 30, 2003. The ratio of non-performing assets to loans was 0.51% at both June 30, 2004 and March 31, 2004 compared to 0.98% at June 30, 2003. Net charge offs totaled \$80,000 in the second quarter versus \$9,000 during the first quarter of 2004 and \$673,000 in the second quarter of 2003. For the quarter ended June 30, 2004, net charge offs were 0.04% of average loans compared to 0.32% in the same period in 2003.

Kubacki commented, "As evidenced by net charge offs of less than \$100,000 in the first half of 2004 and total nonperforming assets holding steady at

very low levels, we believe that the overall quality of our loan portfolio is exceptional. We continue to maintain a disciplined approach to our loan administration and will not become complacent as a result of the continued asset quality performance."

For the three months ended June 30, 2004, Lakeland Financial's average equity to average assets ratio was 7.10% compared to 7.21% for the first quarter of 2004 and 7.07% for the second quarter of 2003. Average stockholders' equity for the quarter ended June 30, 2004 was \$93.8 million versus \$92.4 million for the first quarter of 2004 and \$87.6 million for the comparable period in 2003. Average total deposits for the quarter ended June 30, 2004 were \$1.0 billion compared to \$968.7 million for the first quarter of 2004 and \$968.1 million for the same period in 2003.

Lakeland Financial Corporation is a \$1.3 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank serves Northern Indiana with 43 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 FTN Financial Securities Corp., Goldman, Sachs & Co., Hill, Thompson, Magid & Co., Howe Barnes Investments, Inc., Keefe, Bruyette & Woods, Inc., Knight Equity Securities, L.P., Merrill Lynch & Co., Morgan Stanley & Co., Inc., Sandler O'Neill & Partners, Schwab Capital Markets, Stifel Nicolaus & Company, Inc., Susquehanna Capital Group 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
SECOND QUARTER 2004 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	Three Months Ended			Six Months Ended	
	Jun. 30, 2004	Mar. 31, 2004	Jun. 30, 2003	Jun. 30, 2004	Jun. 30, 2003
END OF PERIOD BALANCES					
Assets	\$ 1,338,100	\$ 1,285,929	\$ 1,240,834	\$ 1,338,100	\$ 1,240,834
Deposits	1,022,335	1,006,811	966,244	1,022,335	966,244
Loans	929,565	884,499	839,355	929,565	839,355
Allowance for Loan Losses	10,643	10,477	9,786	10,643	9,786
Common Stockholders' Equity	92,930	94,191	87,543	92,930	87,543
AVERAGE BALANCES					
Assets					
Total Assets	\$ 1,323,015	\$ 1,281,413	\$ 1,237,555	\$ 1,302,961	\$ 1,224,931
Earning Assets	1,212,945	1,176,928	1,136,951	1,194,936	1,125,294
Investments	280,159	282,053	269,945	281,106	272,560
Loans	924,817	883,692	846,479	904,254	838,109
Liabilities and Stockholders' Equity					
Total Deposits	1,016,951	968,724	968,082	992,837	951,174
Interest Bearing Deposits	808,726	781,823	796,956	795,274	786,999
Interest Bearing Liabilities	1,013,015	993,786	968,790	1,004,122	962,512

Common Stockholders' Equity	93,808	92,444	87,570	93,126	86,680
INCOME STATEMENT DATA					
Net Interest Income	\$ 10,278	\$ 10,208	\$ 10,743	\$ 20,486	\$ 21,294
Net Interest Income-Fully Tax Equivalent	10,609	10,534	11,010	21,144	21,492
Provision for Loan Losses	246	252	717	498	1,384
Noninterest Income	4,146	4,160	4,939	8,306	9,325
Noninterest Expense	9,195	8,908	9,267	18,103	18,238
Net Income	3,344	3,502	3,749	6,846	7,264
PER SHARE DATA					
Basic Net Income Per Common Share	\$ 0.57	\$ 0.60	\$ 0.65	\$ 1.17	\$ 1.25
Diluted Net Income Per Common Share	0.55	0.58	0.63	1.13	1.22
Cash Dividends Per Common Share	0.21	0.21	0.19	0.42	0.38
Book Value Per Common Share (equity per share issued)	15.82	16.10	15.05	15.82	15.05
Market Value - High	34.49	38.05	31.22	38.05	31.22
Market Value - Low	28.31	31.41	24.40	28.31	23.00
Basic Weighted Average Common Shares Outstanding	5,859,474	5,842,946	5,819,448	5,851,210	5,815,386
Diluted Weighted Average Common Shares Outstanding	6,048,256	6,052,537	5,977,598	6,050,297	5,960,399
KEY RATIOS					
Return on Average Assets	1.02 %	1.10 %	1.22 %	1.06 %	1.20 %
Return on Average Common Stockholders' Equity	14.34	15.24	17.21	14.78	16.94
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	65.19	61.98	59.08	62.88	59.55
Average Equity to Average Assets	7.10	7.21	7.07	7.16	7.07
Net Interest Margin	3.52	3.60	3.89	3.56	3.92
Net Charge Offs to Average Loans	0.04	0.00	0.32	0.02	0.27
Loan Loss Reserve to Loans	1.14	1.18	1.18	1.14	1.18
Nonperforming Assets to Loans	0.51	0.51	0.98	0.51	0.98
Tier 1 Leverage	9.14	9.23	8.18	9.14	8.18
Tier 1 Risk-Based Capital	11.60	11.95	10.61	11.60	10.61
Total Capital	12.63	13.02	11.65	12.63	11.65
ASSET QUALITY					
Loans Past Due 90 Days or More	\$ 2,855	\$ 3,211	\$ 3,085	\$ 2,855	\$ 3,085
Non-accrual Loans	1,575	997	3,548	1,575	3,548
Net Charge Offs	80	9	673	89	1,131
Other Real Estate Owned	277	277	1,530	277	1,530
Other Nonperforming Assets	30	39	26	30	26
Total Nonperforming Assets	4,737	4,524	8,189	4,737	8,189

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of June 30, 2004 and December 31, 2003
(in thousands)

	June 30, 2004	December 31, 2003
	-----	-----
	(Unaudited)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 60,849	\$ 52,297
Short-term investments	6,095	5,144
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Total cash and cash equivalents	66,944	57,441
Securities available-for-sale:		
U. S. Treasury and government agency securities	21,443	17,280
Mortgage-backed securities	204,681	211,142
State and municipal securities	51,763	52,945
	-----	-----
Total securities available-for-sale	277,887	281,367
Real estate mortgages held-for-sale	5,866	3,431
Loans:		
Total loans	929,565	870,882
Less: Allowance for loan losses	10,643	10,234
	-----	-----
Net loans	918,922	860,648
Land, premises and equipment, net	25,790	26,157
Accrued income receivable	4,977	5,010
Goodwill	4,970	4,970
Other intangible assets	1,353	1,460
Other assets	31,391	30,930
	-----	-----
Total assets	\$ 1,338,100	\$ 1,271,414
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	\$ 210,437	\$ 185,734
Interest bearing deposits	811,898	740,657
	-----	-----
Total deposits	1,022,335	926,391
Short-term borrowings:		
Federal funds purchased	12,000	24,000
Securities sold under agreements to repurchase	90,007	102,601
U.S. Treasury demand notes	1,662	3,160
Other borrowings	70,000	55,000
	-----	-----
Total short-term borrowings	173,669	184,761
Accrued expenses payable	6,674	7,804
Other liabilities	1,518	1,461
Long-term borrowings	10,046	30,047
Subordinated debentures	30,928	30,928
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Total liabilities	1,245,170	1,181,392
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,873,244 shares issued and 5,841,021 outstanding as of June 30, 2004, and 5,834,744 shares issued and 5,788,263 outstanding at December 31, 2003	1,453	1,453
Additional paid-in capital	11,304	10,509
Retained earnings	84,647	80,260
Accumulated other comprehensive income/(loss)	(3,803)	(1,282)
Treasury stock, at cost	(671)	(918)
	-----	-----
Total stockholders' equity	92,930	90,022
	-----	-----
Total liabilities and stockholders' equity	\$ 1,338,100	\$ 1,271,414
	=====	=====

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Six Months Ended June 30, 2004 and 2003
(in thousands except for share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME				

Interest and fees on loans: Taxable	\$ 11,587	\$ 12,077	\$ 22,903	\$ 23,910
Tax exempt	71	66	139	129

Total loan income	11,658	12,143	23,042	24,039
Short-term investments	21	58	49	85
Securities:				
U.S. Treasury and government agency securities	186	145	343	315
Mortgage-backed securities	1,682	2,694	3,704	5,626
State and municipal securities	588	497	1,172	925

Total interest and dividend income	14,135	15,537	28,310	30,990
INTEREST EXPENSE				

Interest on deposits	3,101	3,702	6,132	7,488
Interest on short-term borrowings	352	313	698	653
Interest on long-term debt	404	779	994	1,555

Total interest expense	3,857	4,794	7,824	9,696

NET INTEREST INCOME	10,278	10,743	20,486	21,294

Provision for loan losses	246	717	498	1,384

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,032	10,026	19,988	19,910

NONINTEREST INCOME				

Trust and brokerage fees	780	565	1,519	1,175
Service charges on deposit accounts	1,697	1,736	3,354	3,400
Credit card fee income	581	466	1,081	826
Other income (net)	1,115	979	2,059	1,652
Net gains/losses on sale of real estate mortgages held for sale	(27)	1,193	293	2,272

Total noninterest income	4,146	4,939	8,306	9,325
NONINTEREST EXPENSE				

Salaries and employee benefits	4,859	5,008	9,784	9,713
Occupancy and equipment expense	1,114	1,218	2,131	2,580
Data processing expense	650	690	1,245	1,273
Credit card interchange	343	247	633	443
Other expense	2,229	2,104	4,310	4,229

Total noninterest expense	9,195	9,267	18,103	18,238
INCOME BEFORE INCOME TAX EXPENSE				

Income tax expense	1,639	1,949	3,345	3,733

NET INCOME	\$ 3,344	\$ 3,749	\$ 6,846	\$ 7,264
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BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,859,474	5,819,448	5,851,210	5,815,386
BASIC EARNINGS PER COMMON SHARE	\$ 0.57	\$ 0.65	\$ 1.17	\$ 1.25
=====				
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,048,256	5,977,598	6,050,297	5,960,399
DILUTED EARNINGS PER COMMON SHARE	\$ 0.55	\$ 0.63	\$ 1.13	\$ 1.22
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