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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 September 30, 2002

OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to _____________

Commission File Number 0-11487

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

Class	Outstanding at October 31, 2002
Common Stock, No Par Value	5,768,806

LAKELAND FINANCIAL CORPORATION

Form 10-Q Quarterly Report

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PART I.

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 30, 2002 and December 31, 2001
(in thousands)

	September 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS Cash and cash equivalents:		
Cash and due from banks	$ 48,333	$ 70,219
Short-term investments	11,910	8,904
Total cash and cash equivalents	60,243	79,123
Securities available-for-sale:		
U. S. Treasury and government agency securities	17,359	19,440
Mortgage-backed securities	226,916	216,654
State and municipal securities	33,861	29,663
Other debt securities	0	5,882
Total securities available-for-sale (carried at fair value)	278,136	271,639
Real estate mortgages held-for-sale	1,149	8,493
Loans:		
Total loans	792,552	738,223
Less: Allowance for loan losses	9,082	7,946
Net loans	783,470	730,277
Land, premises and equipment, net	24,404	24,252
Accrued income receivable	5,063	5,441
Intangible assets	5,709	6,161
Other assets	13,535	12,326
Total assets	$ 1,171,709	$ 1,137,712

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 30, 2002 and
December 31, 2001 (in thousands
except for share and per share data)

	September 30, 2002	December 31, 2001
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	$ 162,707	$ 169,549
Interest bearing deposits	715,107	623,831
Total deposits	877,814	793,380
Short-term borrowings:		
Federal funds purchased	0	49,000
U.S. Treasury demand notes	3,532	4,000
Securities sold under agreements to repurchase	108,405	149,117
Other borrowings	35,000	30,000
Total short-term borrowings	146,937	232,117
Accrued expenses payable	11,801	6,131
Other liabilities	2,374	1,843
Long-term borrowings	31,355	11,389
Guaranteed preferred beneficial interests in Company's subordinated debentures	19,338	19,318
Total liabilities	1,089,619	1,064,178
SHAREHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,813,984 shares issued and 5,768,806 outstanding as of September 30, 2002, and 5,813,984 shares issued and 5,775,632 outstanding at December 31, 2001	1,453	1,453
Additional paid-in capital	8,537	8,537
Retained earnings	68,265	62,378
Accumulated other comprehensive income	4,658	1,835
Treasury stock, at cost	(823)	(669)
Total shareholders' equity	82,090	73,534
Total liabilities and shareholders' equity	$ 1,171,709	$ 1,137,712

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

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHANSIVE INCOME
For the Three Months and Nine Months
Ended September 30, 2002, and 2001
(in thousands except for share and
per share data)

(Unaudited)

(Page 1 of 2)

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans: Taxable	$ 12,309	$ 14,721	$ 36,960	$ 45,363
Tax exempt	58	33	125	100
Total loan income	12,367	14,754	37,085	45,463
Short-term investments	73	140	165	416
Securities:				
U.S. Treasury and government agency securities	340	715	1,077	2,141
Mortgage-backed securities	3,028	3,120	8,825	9,664
State and municipal securities	402	442	1,202	1,331
Other debt securities	6	112	208	341
Total interest and dividend income	16,216	19,283	48,562	59,356
INTEREST EXPENSE				
Interest on deposits	4,277	7,127	12,855	24,493
Interest on short-term borrowings	536	1,647	2,091	5,583
Interest on long-term debt	778	613	2,105	1,834
Total interest expense	5,591	9,387	17,051	31,910
NET INTEREST INCOME	10,625	9,896	31,511	27,446
Provision for loan losses	1,041	970	2,290	1,490
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,584	8,926	29,221	25,956
NONINTEREST INCOME				
Trust and brokerage fees	590	600	1,889	2,023
Service charges on deposit accounts	1,786	1,385	4,922	4,002
Other income (net)	727	864	2,470	2,486
Net gains on the sale of branches	0	753	0	753
Net gains on the sale of real estate mortgages held-for-sale	493	348	1,204	792
Net securities gains (losses)	39	50	55	52
Total noninterest income	3,635	4,000	10,540	10,108
NONINTEREST EXPENSE				
Salaries and employee benefits	4,803	4,616	13,937	13,202
Occupancy and equipment expense	1,171	1,158	3,352	3,668
Other expense	2,733	3,040	9,013	8,628
Total noninterest expense	8,707	8,814	26,302	25,498

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Nine Months
Ended September 30, 2002, and 2001
(in thousands except for share and
per share data)

(Unaudited)

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
INCOME BEFORE INCOME TAX EXPENSE	4,512	4,112	13,459	10,566
Income tax expense	1,559	1,345	4,628	3,299
NET INCOME	$ 2,953	$ 2,767	$ 8,831	$ 7,267
Other comprehensive income, net of tax:				
Unrealized gain/(loss) on available-for-sale securities	386	2,526	2,823	4,431
TOTAL COMPREHENSIVE INCOME	$ 3,339	$ 5,293	$ 11,654	$ 11,698
AVERAGE COMMON SHARES OUTSTANDING FOR BASIC EPS	5,813,984	5,813,984	5,813,984	5,813,984
BASIC EARNINGS PER COMMON SHARE	$ 0.51	$ 0.48	$ 1.52	$ 1.25
AVERAGE COMMON SHARES OUTSTANDING FOR DILUTED EPS	5,992,824	5,853,748	5,957,792	5,836,549
DILUTED EARNINGS PER COMMON SHARE	$ 0.49	$ 0.47	$ 1.48	$ 1.25

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

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 2002 and 2001
(in thousands)

(Unaudited)

(Page 1 of 2)

	2002	2001
Cash flows from operating activities:		
Net income	$ 8,831	$ 7,267
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	1,755	1,775
Provision for loan losses	2,290	1,490
Amortization of intangible assets	472	666
Amortization of mortgage servicing rights	296	205
Impairment of mortgage servicing rights	461	471
Loans originated for sale	(56,724)	(43,467)
Net gain on sale of loans	(1,204)	(792)
Proceeds from sale of loans	64,894	42,672
Net (gain) loss on sale of premises and equipment	24	(23)
Net gain on sale of branches	0	(753)
Net gain on sale of securities available-for-sale	(55)	(52)
Net securities amortization	1,271	791
Increase (decrease) in taxes payable	(760)	904
Decrease in income receivable	378	467
Increase (decrease) in accrued expenses payable	925	(580)
(Increase) decrease in other assets	2,225	(1,984)
Increase in other liabilities	531	332
Total adjustments	16,779	2,122
Net cash from operating activities	25,610	9,389
Cash flows from investing activities:		
Proceeds from maturities, sales and calls of securities available-for-sale	59,321	39,700
Purchases of securities available-for-sale	(62,519)	(34,469)
Net increase in total loans	(55,483)	(30,520)
Proceeds from sales of land, premises and equipment	11	0
Purchases of land, premises and equipment	(1,942)	(1,361)
Net payments from branch divestitures	0	(40,325)
Net cash from investing activities	(60,612)	(66,975)

(Continued)

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2002 and 2001
(in thousands)

(Unaudited)

	2002	2001
Cash flows from financing activities:		
Net increase in total deposits	$ 84,434	$ 36,773
Proceeds from short-term borrowings	21,709,394	23,303,700
Payments on short-term borrowings	(21,794,574)	(23,306,611)
Proceeds from long-term borrowings	20,000	0
Payments on long-term borrowings	(34)	(33)
Dividends paid	(2,945)	(2,486)
Purchase of treasury stock	(153)	(126)
Net cash from financing activities	16,122	31,217
Net decrease in cash and cash equivalents	(18,880)	(26,369)
Cash and cash equivalents at beginning of the period	79,123	88,993
Cash and cash equivalents at end of the period	$ 60,243	$ 62,624
Cash paid during the period for:		
Interest	$ 17,275	$ 32,646
Income taxes	$ 5,569	$ 2,395
Loans transferred to other real estate	$ 0	$ 1,435

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

LAKELAND FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2002

(Unaudited)

NOTE 1. BASIS OF PRESENTATION

This report is filed for Lakeland Financial Corporation (the "Company") and its wholly owned subsidiaries, Lake City Bank (the "Bank") and Lakeland Capital Trust ("Lakeland Trust"). 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 accounting principles generally accepted in the United States of America for interim financial information and with instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America 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 and nine-month periods ending September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. The 2001 Lakeland Financial Corporation Annual Report on Form 10-K should be read in conjunction with these statements.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2002, the Company adopted a new accounting standard, Statement of Financial Accounting Standard No. 142, which addresses accounting for goodwill and intangible assets arising from business combinations. Identifiable intangible assets must be separated from goodwill. Identifiable intangible assets with finite useful lives are amortized under the new standard, whereas unidentified intangible assets resulting from business combinations, both amounts previously recorded and future amounts purchased, cease being amortized. Annual impairment testing is required for goodwill with impairment being recorded if the carrying amount of goodwill exceeds its implied fair value. Adoption of this standard on January 1, 2002 did not have a material effect on the Company's financial statements.

Intangible assets subject to amortization are as follows:

	As of September 30, 2002	
	Gross Carrying Amount	Accumulated Amortization
	(in thousands)	
Core deposit intangible	$ 2,032	$ 953
Other unidentified intangible	6,812	2,182
Total	$ 8,844	$ 3,135

Amortization expense for the three-month and nine-month periods ended September 30, 2002 was $151,000 and $452,000, respectively. Estimated amortization expense for the next five years is:

	Before SFAS No. 147	After SFAS No. 147
For year ended 12/31/02	$603,000	$149,000
For year ended 12/31/03	$584,000	$130,000
For year ended 12/31/04	$568,000	$114,000
For year ended 12/31/05	$554,000	$100,000
For year ended 12/31/06	$541,000	$ 87,000

On October 1, 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 147, "Acquisitions of Certain Financial Institutions." SFAS No. 147 is effective October 1, 2002, and may be early applied. SFAS No. 147 supersedes SFAS No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions." SFAS No. 147 provides guidance on the accounting for the acquisition of a financial institution, and applies to all such acquisitions except those between two or more mutual enterprises. Under SFAS No. 147, the excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired in a financial institution business combination represents goodwill that should be accounted for under SFAS No. 142, "Goodwill and Other Intangible Assets." If certain criteria are met, the amount of the unidentifiable intangible asset resulting from prior financial institutions acquisitions is to be reclassified to goodwill upon adoption of this Statement. Financial institutions meeting conditions outlined in SFAS No. 147 are required to restate previously issued financial statements. The objective of the restatement is to present the balance sheet and income statement as if the amount accounted for under SFAS No. 72 as an unidentifiable intangible asset had been reclassified to goodwill as of the date the Company adopted SFAS No. 142. Adoption of SFAS No. 147 on October 1, 2002 resulted in the reclassification of $5.0 million of previously recognized unidentifiable intangible assets to goodwill. Additionally, prior period amortization expense was reversed totaling $114,000 and $0 for the three months ended September 30, 2002 and 2001, and $341,000 and $0 for the nine months ended September 30, 2002 and 2001. The effect of the restatement was to increase net income by $68,000 and $0 for the three months ended September 30, 2002 and 2001, and $203,000 and $0 for the nine months ended September 30, 2002 and 2001.

NOTE 3. EARNINGS PER SHARE

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

The common shares outstanding for the shareholders' equity section of the consolidated balance sheet at September 30, 2002 reflects the acquisition of 45,178 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.

For the three-month periods ended September 30, 2002 and 2001, stock options for 486,995 shares and 330,575 shares were considered dilutive for purposes of computing diluted earnings per share. For the nine-month periods ended September 30, 2002 and 2001, stock options for 402,726 and 247,225 were considered dilutive for purposes of computing diluted earnings per share.

NOTE 4. LOANS

	September 30, 2002	December 31, 2001
	(in thousands)	
Commercial and industrial loans	$ 530,199	$ 478,288
Agri-business and agricultural loans	64,488	58,901
Real estate mortgage loans	43,614	44,898
Real estate construction loans	2,276	2,354
Installment loans and credit cards	151,975	153,782
Total loans	$ 792,552	$ 738,223
Impaired loans	$ 13,299	$ 10,008
Non-performing loans	$ 7,600	$ 2,498

NOTE 5. 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

September 30, 2002

OVERVIEW

Lakeland Financial Corporation is the holding company for Lake City Bank. The Company is headquartered in Warsaw, Indiana and operates 40 offices in 11 counties in northern Indiana. The Company earned $8.8 million for the first nine months of 2002 versus $7.3 million in the same period of 2001, an increase of 21.5%. The increase was driven by a $4.1 million increase in net interest income and a $432,000 increase in non-interest income. Offsetting these positive impacts were increases of $800,000 in the provision for loan losses, and $804,000 in non-interest expense. Basic earnings per share for the first nine months of 2002 was $1.52 per share versus $1.25 per share for the first nine months of 2001. Diluted earnings per share reflect the potential dilutive impact of stock options granted under an employee stock option plan. Diluted earnings per share for the first nine months of 2002 was $1.48 per share, versus $1.25 per share for the first nine months of 2001.

Net income for the third quarter of 2002 was $3.0 million, an increase of 6.7% versus $2.8 million for the comparable period of 2001. Basic earnings per share for the third quarter of 2002 was $0.51 per share versus $0.48 per share for the third quarter of 2001. Diluted earnings per share for the third quarter of 2002 was $0.49 per share versus $0.47 per share for the third quarter of 2001.

RESULTS OF OPERATIONS

Net Interest Income

For the nine-month period ended September 30, 2002, net interest income totaled $31.5 million, an increase of 14.8%, or $4.1 million versus the first nine months of 2001. For the three-month period ended September 30, 2002, net interest income totaled $10.6 million, an increase of 7.4%, or $729,000, over the same period of 2001. Net interest income increased in both the nine and three month periods of 2002 versus the comparable periods of 2001, primarily due to the implementation of a liability pricing strategy which has resulted in an improved net interest margin. In addition, average interest bearing assets and average non-interest bearing demand deposits increased in both the nine and three month periods ending September 30, 2002. The effect of these changes was to increase the Company's net interest margin to 4.11% and 4.05%, respectively, for the nine and three month periods ended September 30, 2002, versus 3.63% and 3.81% for the comparable periods of 2001.

During the first nine months of 2002, total interest and dividend income decreased by $10.8 million, or 18.2% to $48.6 million, versus $59.4 million during the same nine months of 2001. During the third quarter of 2002, interest and dividend income decreased $3.1 million, or 15.9%, to $16.2 million, versus $19.3 million during the same quarter of 2001. Daily average earning assets for the first nine months of 2002 increased 1.00% to $1.045 billion versus the same period in 2001. For the third quarter, daily average earning assets increased 0.8% to $1.061 billion versus the same period in 2001. The tax equivalent yield on average earning assets decreased by 146 basis points to 6.2% for the nine-month period ended September 30, 2002 versus the same period of 2001. For the three-month period ended September 30, 2002, the yield decreased by 119 basis points to 6.1% from the yield for the three-month period ended September 30, 2001.

The decrease in the yield on average earning assets reflected decreases in the yields on both loans and securities caused by the falling interest rate environment. The yield on securities is historically lower than the yield on loans, and decreasing the ratio of securities to total earning assets will normally improve the yield on earning assets. The ratio of average daily securities to average earning assets for the nine-month and three-month periods ended September 30, 2002 were 26.2% and 25.9% compared to 28.4% and 27.8% for the same periods of 2001.

The average daily loan balances for the first nine months of 2002 increased 3.9% to $757.4 million, over the average daily loan balances of $728.7 million for the same period of 2001. During the same period, loan interest income declined by $8.4 million, or 18.4%, to $37.1 million. The decrease was the result of a 180 basis point decrease in the tax equivalent yield on loans to 6.4% from 8.2% in the first nine months of 2001. The average daily loan balances for the third quarter of 2002 increased $24.9 million, or 3.3%, to $769.0 million, versus $744.1 million for the same period of 2001. During the same period, loan interest income declined by $2.4 million, or 16.2%, to $12.4 million versus $14.8 million during the third quarter of 2001. The decrease was the result of a 147 basis point decrease in the tax equivalent yield on loans, to 6.3%, versus 7.7% in the third quarter of 2001. In both the nine and three month periods ended September 30, 2002, increases in the average daily loan balances occurred despite the impact of the Company's September, 2001 branch divestiture, which included $24.4 million in loans.

Income from short-term investments was $165,000 for the nine-month period and $73,000 for the three-month period ended September 30, 2002. This compares to $416,000 and $140,000 for the same periods of 2001. The $251,000 decrease between the nine-month periods was primarily the result of a 298 basis point decrease in yields. The $67,000 decrease between the three-month periods resulted primarily from a 187 basis point decrease in yields.

The average daily securities balances for the first nine months of 2002 decreased $19.9 million, or 6.8%, to $274.1 million, versus $294.0 million for the same period of 2001. During the same periods, income from securities declined by $2.2 million, or 16.1%, to $11.3 million versus $13.5 million during the first nine months of 2001. The decrease was the result of the decrease in average daily balances of securities combined with a 59 basis point decline in the tax equivalent yields on securities, to 5.8% versus 6.4% in the first nine months of 2001. The average daily securities balances for the third quarter of 2002 decreased $18.1 million, or 6.2%, to $274.6 million, versus $292.7 million for the same period of 2001. During the same periods, income from securities declined by $613,000, or 14.0%, to $3.8 million versus $4.4 million during the third quarter of 2001. The decrease was the result of a 47 basis point decrease in the tax equivalent yield on securities, to 5.7%, versus 6.2% in the third quarter of 2001, combined with the decline in average daily securities balances.

Total interest expense decreased $14.9 million, or 46.6%, to $17.1 million for the nine-month period ended September 30, 2002, from $31.9 million for the comparable period in 2001. The decrease was primarily the result of a 188 basis point decrease in the Company's daily cost of funds to 2.19%, versus 4.07% for the same period of 2001. Total interest expense decreased $3.8 million, or 40.4%, to $5.6 million for the three-month period ended September 30, 2002, from $9.4 million for the comparable period of 2001. The decrease was primarily the result of a 139 basis point decrease in the Company's daily cost of funds to 2.11%, versus 3.50%, for the same period of 2001. On an average daily basis, total deposits (including demand deposits) increased $1.8 million, or 0.2%, to $846.8 million for the nine-month period ended September 30, 2002, versus $845.0 million in the same period in 2001. The average daily deposit balances for the third quarter of 2002 increased $15.2 million, or 1.8%, to $869.3 million versus $854.1 million during the third quarter of 2001. In both the nine and three month periods ended September 30, 2002, increases in average daily total deposits occurred despite the impact of the Company's September, 2001 branch divestiture, which included $70.3 million in deposits. On an average daily basis, noninterest bearing demand deposits increased $10.0 million, or 7.3% and 7.0%, respectively, for both the nine and three-month periods ended September 30, 2002, versus the same periods in 2001. When comparing the nine months ended September 30, 2002 with the same period of 2001, the average daily balance of time deposits, which pay a higher rate of interest compared to demand deposit and transaction accounts, decreased $8.1 million and the rate paid on such accounts declined by 247 basis points versus the same period in 2001. In the third quarter of 2002, the average daily balance of time deposits increased by $8.3 million and the rate paid on such accounts decreased by 189 basis points. During the remainder of 2002, management plans to continue efforts to grow relationship type accounts such as demand deposit and Investors' Weekly accounts, which pay a lower rate of interest compared to time deposit accounts and are generally viewed by management as stable and reliable funding sources. Average daily balances of borrowings decreased $8.4 million, or 4.2%, to $193.8 million for the nine months ended September 30, 2002 versus $202.2 million for the same period in 2001, and decreased $27.4 million, or 13.1%, for the three months ended September 30, 2002. The rate on borrowings decreased 201 basis points and 142 basis points, respectively, when comparing the nine and three month periods of 2002 with the same periods of 2001. On an average daily basis, total deposits (including demand deposits) and purchased funds decreased 0.6% and 1.2%, respectively, for the nine-month and three-month periods ended September 30, 2002 versus the same periods in 2001.

Provision for Loan Losses

Based on management's review of the adequacy of the allowance for loan losses, provisions for losses on loans of $2.3 million and $1.0 million were recorded during the nine-month and three-month periods ended September 30, 2002, versus provisions of $1.5 million and $970,000 recorded during the same periods of 2001. The increase in the provision for loan losses for the nine month period reflected a number of factors, including the increase in the size of the loan portfolio, the amount of impaired loans, the amount of past due accruing loans (90 days or more), and management's overall view on current credit quality, as discussed in more detail below.

Noninterest Income

Noninterest income categories for the nine and three-month periods ended September 30, 2002 and 2001 are shown in the following table:

	Nine Months ended September 30,		
	2002	2001	Percent Change
	(in thousands)		
Trust and brokerage fees	$ 1,889	$ 2,023	(6.6)%
Service charges on deposits	4,922	4,002	23.0
Other income (net)	2,470	2,486	(0.6)
Net gains on the sale of branches	0	753	(100.0)
Net gains on the sale of real estate mortgages held-for-sale	1,204	792	52.0
Net securities gains	55	52	5.8
Total noninterest income	$ 10,540	$ 10,108	4.3 %

	Three Months ended September 30,		
	2002	2001	Percent Change
	(in thousands)		
Trust and brokerage fees	$ 590	$ 600	(1.7)%
Service charges on deposits	1,786	1,385	29.0
Other income (net)	727	864	(15.9)
Net gain on the sale of branches	0	753	(100.0)
Net gains on the sale of real estate mortgages held-for-sale	493	348	41.7
Net securities gains	39	50	(22.0)
Total noninterest income	$ 3,635	$ 4,000	(9.1)%

Trust fees increased 16.9%, from $1.2 million to $1.4 million, in the first nine months of 2002 versus the same period in 2001. This increase was primarily in employee benefit plan, executorship, living trust and testamentary trust fees. Brokerage fees decreased 39.5%, from $846,000 to $512,000, in the first nine months of 2002 versus the same period in 2001, driven by nonrecurring fees received in 2001 of approximately $156,000 related to the sale of several annuity accounts, and reduced trading volume during 2002.

The primary sources of the increase in service charges on deposit accounts were fees related to business checking accounts as well as fees related to new deposit services which were implemented in the first quarter of 2002.

Other income consists of normal recurring fee income such as mortgage service fees, credit card fees, insurance fees, and safe deposit box rent, as well as other income that management classifies as non-recurring. Other fee income decreased $16,000 in the first nine months of 2002 versus the same period in 2001, and decreased $137,000 in the third quarter versus the same period in 2001. The primary driver behind the third quarter decrease was a $258,000 charge for non-cash impairment of the Bank's mortgage servicing rights versus a $175,000 charge in the third quarter of 2001.

During the third quarter of 2001, the Company sold five non-strategic branches resulting in a gain of $753,000. Excluding this one-time gain, total non-interest income increased by 12.7% and 11.9%, respectively, in the first nine months and third quarter of 2002, versus the same periods in 2001.

The increase in profits from the sale of mortgages reflected an increase in the volume of mortgages sold during the first nine months of 2002 versus sales during the first nine months of 2001. During the first nine months of 2002, the Company sold $64.1 million in mortgages versus $42.1 million in the comparable period of 2001. This increase in volume was the result of the low interest rate environment during 2002, which has resulted in increased mortgage refinance activity and increased demand for home mortgages.

Noninterest Expense

Noninterest expense categories for the nine and three-month periods ended September 30, 2002, and 2001 are shown in the following table:

	Nine Months ended September 30,		
	2002	2001	Percent Change
	(in thousands)		
Salaries and employee benefits	$ 13,937	$ 13,202	5.6 %
Occupancy and equipment expense	3,352	3,668	(8.6)
Other expense	9,013	8,628	4.5
Total noninterest expense	$ 26,302	$ 25,498	3.2 %

	Three Months ended September 30,		
	2002	2001	Percent Change
	(in thousands)		
Salaries and employee benefits	$ 4,803	$ 4,616	4.1 %
Occupancy and equipment expense	1,171	1,158	1.1
Other expense	2,733	3,040	(10.1)
Total noninterest expense	$ 8,707	$ 8,814	(1.2)%

The increase in salaries and employee benefits reflected normal salary increases and increases related to the employee 401(k) plan and incentive compensation plan. Total employees decreased to 460 at September 30, 2002, from 476 at September 30, 2001. This decrease resulted primarily from the reduction in staff in connection with the sale of the five bank branches in September, 2001.

The decrease in occupancy and equipment expense was also primarily related to the sale of the five branch offices in the third quarter of 2001.

Other expense includes corporate and business development, data processing fees, telecommunications, postage, and professional fees such as legal, accounting, and directors' fees. Other expense increased primarily due to increased data processing, advertising and public relations expenses incurred during the first nine-months of 2002 versus the same period of 2001. Other expense declined in the third quarter of 2002 versus the same period of 2001 primarily due to reduced professional fees.

Income Tax Expense

Income tax expense increased $1.3 million, or 40.3%, for the first nine months of 2002, compared to the same period in 2001. Income tax expense for the third quarter of 2002 increased $214,000, or 15.9%, compared to the third quarter of 2001. The combined state franchise tax expense and the federal income tax expense as a percentage of income before income tax expense increased to 34.4% during the first nine months of 2002 compared to 31.2% during the same period in 2001. It increased to 34.6% for the third quarter of 2002 versus 32.7% for the third quarter of 2001. The increases were primarily due to greater profitability which resulted in a higher percentage of income being subject to the state franchise tax combined with the Company being taxed at the 35% federal tax rate in 2002 versus the 34% rate in 2001.

FINANCIAL CONDITION

Total assets of the Company were $1.172 billion as of September 30, 2002, an increase of $34.0 million, or 3.0%, when compared to $1.138 billion as of December 31, 2001.

Total cash and cash equivalents decreased by $18.9 million, or 23.9%, to $60.2 million at September 30, 2002 from $79.1 million at December 31, 2001. The decrease was attributable to funding needs associated with corresponding increases in the Company's securities and loans portfolios.

Total securities available-for-sale increased by $6.5 million, or 2.4%, to $278.1 million at September 30, 2002 from $271.6 million at December 31, 2001. The increase was a result of a number of transactions in the securities portfolio. Paydowns of $46.8 million were received, and the amortization of premiums, net of the accretion of discounts, was $1.3 million. Maturities, calls and sales of securities totaled $12.4 million. These portfolio decreases were offset by securities purchases totaling $62.5 million, and an increase of $4.5 million in the fair value of the securities. The investment portfolio is managed to limit the Company's exposure to risk by containing mostly CMO's 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 $7.4 million, or 86.5%, to $1.1 million at September 30, 2002 from $8.5 million at December 31, 2001. 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 nine months ended September 30, 2002, $56.7 million in real estate mortgages were originated for sale and $64.1 million in mortgages were sold.

Total loans, excluding real estate mortgages held-for-sale, increased by $54.3 million or 7.4% to $792.6 million at September 30, 2002 from $738.2 million at December 31, 2001. The mix of loan types within the Company's portfolio remained relatively unchanged, reflecting 75% commercial, 6% real estate and 19% consumer loans compared to 73% commercial, 6% real estate and 21% consumer loans at December 31, 2001.

The allowance for loan losses increased $1.1 million, or 14.3%, to $9.1 million at September 30, 2002 from $7.9 million at December 31, 2001. Net charge-offs for the nine months ended September 30, were $1.2 million in 2002 and $1.0 million in 2001. The allowance for loan losses at September 30, 2002 was 1.15% of total loans, net of residential mortgage loans held for sale on the secondary market, versus 1.08% at December 31, 2001.

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 difficult economic climate, 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.

Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance is an amount that management believes will be adequate to absorb probable 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. Since December 31, 2001, the percentage of loans internally adversely classified has increased. 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. The majority of the risk in the loan portfolio lies in the commercial loans that include commercial real estate loans. Accordingly, the Company allocated $6.9 million of the allowance to these loans, which comprise approximately 75% of the loan portfolio.

At September 30, 2002, total nonperforming loans increased by $5.1 million to $7.6 million from $2.5 million at December 31, 2001. Loans delinquent 90 days or more that were included in the accompanying financial statements as accruing totaled $3.6 million versus $264,000 at December 31, 2001. Total impaired loans increased by $3.3 million to $13.3 million at September 30, 2002 from $10.0 million at December 31, 2001. The increases in the loans delinquent 90 days or more and accruing and impaired loans categories resulted primarily from one commercial credit totaling $3.3 million. The renewal of this loan has been complicated as more than one bank is involved, and therefore it is past maturity. While this loan is current as to principal and interest, there can be no assurance that it will remain current given the circumstances involved. The increase in nonperforming loans resulted from the addition of the aforementioned loan and one additional commercial loan of $1.7 million. The impaired loan total includes $3.9 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.

Total deposits increased by $84.4 million, or 10.6%, to $877.8 million at September 30, 2002 from $793.4 million at December 31, 2001. The increase resulted from increases of $97.2 million in certificates of deposit and $5.0 million in savings accounts. Offsetting these increases were declines of $6.8 million in demand deposits, $5.5 million in Investors' Weekly accounts, $4.0 million in money market accounts and $1.2 million in NOW accounts.

Total short-term borrowings decreased by $85.2 million, or 36.7%, to $146.9 million at June 30, 2002 from $232.1 million at December 31, 2001. The decrease resulted primarily from a $49.0 million decline in federal funds purchases combined with a $40.7 million decline in securities sold under agreements to repurchase. Offsetting these declines was a $5 million increase in other borrowings, primarily short-term advances from the Federal Home Loan Bank of Indianapolis.

Total stockholders' equity increased by $8.6 million, or 11.6%, to $82.1 million at September 30, 2002 from $73.5 million at December 31, 2001. Net income of $8.8 million, less dividends of $2.9 million, plus the increase in the accumulated other comprehensive income of $2.8 million, less $154,000 for the cost of treasury stock acquired, comprised this increase.

The Federal Deposit Insurance Corporation's (FDIC) 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 September 30, 2002, the Company's Tier 1 leverage capital ratio, Tier 1 risk based capital ratio and total risk based capital ratio were 8.1%, 10.5% and 11.5%, 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 2002. 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 September 30, 2002, the Company's potential pretax exposure was within the Company's policy limit, and not significantly different from December 31, 2001.

ITEM 4 - CONTROLS AND PROCEDURES

Based upon an evaluation within the 90 days prior to the filing date of this report, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference) 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 the terrorist attacks that occurred on September 11th, as well as any future threats and attacks, 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 inability 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 and the Financial Accounting Standards 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.

LAKELAND FINANCIAL CORPORATION

FORM 10-Q

September 30, 2002

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. Changes in Securities

None

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 and Reports on Form 8-K

a. Exhibits

99.1 - Certificate of Chief Executive Officer

99.2 - Certificate of Chief Financial Officer

b. Reports

None

LAKELAND FINANCIAL CORPORATION

FORM 10-Q

September 30, 2002

Part II - Other Information

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: November 12, 2002	/s/Michael L. Kubacki Michael L. Kubacki - President and Chief Executive Officer
Date: November 12, 2002	/s/David M. Findlay David M. Findlay - Executive Vice President and Chief Financial Officer
Date: November 12, 2002	/s/Teresa A. Bartman Teresa A. Bartman - Vice President and Controller

Certifications

I, Michael L. Kubacki, Chief Executive Officer of the Company, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in the 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 quarterly report;

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

   (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002 /s/Michael L. Kubacki
Michael L. Kubacki - Chief Executive Officer

Certifications

I, David M. Findlay, Chief Financial Officer of the Company, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in the 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 quarterly report;

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

    a. designed such disclosure controls and procedures 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 quarterly report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002 /s/David M. Findlay
David M. Findlay - Chief Financial Officer

Exhibit 99.1

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 June 30, 2002 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/MichaelL. Kubacki

Michael L. Kubacki
Chief Executive Officer
August 12, 2002

Exhibit 99.2

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 September 30, 2002 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
November 12, 2002