

FORM 8-K

CURRENT REPORT

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

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

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

Indiana (State or other jurisdiction of incorporation)	0-11487 (Commission file Number)	35-1559596 (I.R.S. Employer Identification Number)
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202 East Center Street, P.O. Box 1387, Warsaw, Indiana (Address of principal executive offices)	46581-1387 (Zip Code)
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(574) 267-6144
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Solicitation material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On October 15, 2004, Lakeland Financial Corporation issued a press release announcing its earnings for the nine-months and three-months ended September 30, 2004. The news release is attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated October 15, 2004

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: October 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

RECORD INCOME FOR LAKELAND FINANCIAL
 Third Quarter Performance and Cash Dividend Announced

Warsaw, Indiana (October 15, 2004) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported record quarterly net income of \$4.0 million for the third quarter of 2004. This record income performance represents an increase of 10% over the \$3.6 million reported for the third quarter of 2003 and an increase of 18% versus \$3.3 million in the second quarter of 2004. Diluted net income per share for the quarter was \$0.65 versus \$0.60 for the third quarter of 2003 and \$0.55 for the second quarter of 2004. Net income for the nine months ended September 30, 2004 was \$10.8 million, and diluted net income per share was \$1.78 versus \$10.9 million, or \$1.81 per diluted share, for the first nine months of 2003.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented, "Our penetration has continued in 2004 in every market we serve as we have experienced loan growth of nearly 10% versus our year-end 2003 total loans. This loan growth of over \$80 million in 2004 has contributed to a positive growth trend in net interest income during the third quarter versus the first two quarters of 2004."

"In addition, as a result of recent interest rate increases, we experienced an improved net interest margin during the quarter that should positively impact our performance for the balance of 2004. An improving net interest margin, in conjunction with healthy loan growth, should result in a continued improvement in net interest income performance," added Kubacki.

The Company also announced that the Board of Directors approved a cash dividend for the third quarter of \$0.21 per share, payable on October 25, 2004 to shareholders of record on October 10, 2004. The quarterly dividend represents an 11% increase over the quarterly dividend of \$0.19 paid in 2003.

Noninterest income excluding mortgage sales gains increased by 9% for the first nine months of 2004 versus the comparable period in 2003. Leading the improvement were a \$517,000 increase in trust and brokerage fees, which increased 29%, and a \$344,000 increase in credit card fees, which increased 26%. Net gains on the sale of mortgages held for sale were \$724,000 in the first nine months versus \$2.7 million during the comparable period in 2003.

Kubacki observed, "Our ongoing focus on increasing fee based services has continued to positively leverage infrastructure and create incremental income impact. As revenue from the mortgage business has declined due to higher mortgage rates and a general slowdown in the mortgage business, our noninterest income generation has improved in all other categories."

"We are particularly proud of the fact that noninterest expense was unchanged at \$27.3 million year-to-date versus 2003, reflective of our focus on managing costs in a tight interest rate environment," continued Kubacki.

Total loans as of September 30, 2004 were \$952.7 million versus \$929.6 million as of June 30, 2004, and \$870.9 million as of December 31, 2003. Average loans during the third quarter of 2004 were \$939.9 million compared to \$924.8 million in the second quarter of 2004 and \$847.6 million for all of 2003.

Lakeland Financial's allowance for loan losses as of September 30, 2004 was \$10.7 million compared to \$10.6 million as of June 30, 2004 and \$10.1 million as of September 30, 2003. Total non-performing assets were \$10.9 million as of September 30, 2004 versus \$4.7 million as of June 30, 2004 and \$6.2 million as of September 30, 2003. The ratio of non-performing assets to loans was 1.14% on September 30, 2004 compared to 0.51% at June 30, 2004 and 0.73% as of September 30, 2003. Net charge offs totaled \$141,000 for the first nine months of 2004 versus \$1.2 million in the comparable period of 2003. For the nine months ended September 30, 2004, net charge offs were 0.02% of average loans compared to 0.20% in the same period in 2003.

Kubacki commented, "As a result of the addition of a single commercial credit of \$6.1 million, we experienced an increase in total nonperforming assets. The borrower filed for chapter 11 bankruptcy late in the third quarter and is in the process of determining its future business strategy. Borrower collateral and the personal guarantees of its principals support the credit. While we are disappointed with this event, we believe that the borrower and guarantors are committed to working with us to resolve this situation."

For the nine months ended September 30, 2004, Lakeland Financial's average equity to average assets ratio was 7.23% versus 7.05% for the comparable period in 2003. Average stockholders' equity for the first nine months of 2004 was \$95.1 million versus \$87.4 million for the comparable period in 2003. Average total deposits for the nine months ended September 30, 2004 were \$1.003 billion versus \$961.8 million for the comparable 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
THIRD QUARTER 2004 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2004	Jun. 30, 2004	Sep. 30, 2003	Sep. 30, 2004	Sep. 30, 2003
END OF PERIOD BALANCES					
Assets	\$ 1,349,534	\$ 1,338,100	\$ 1,249,417	\$ 1,349,534	\$ 1,249,417
Deposits	1,043,513	1,022,335	1,002,037	1,043,513	1,002,037
Loans	952,671	929,565	847,714	952,671	847,714
Allowance for Loan Losses	10,741	10,643	10,064	10,741	10,064
Common Stockholders' Equity	98,737	92,930	88,799	98,737	88,799
AVERAGE BALANCES					
Assets					
Total Assets	\$ 1,338,968	\$ 1,323,015	\$ 1,245,753	\$ 1,314,524	\$ 1,232,252
Earning Assets	1,229,356	1,212,945	1,141,973	1,206,493	1,130,915
Investments	279,907	280,159	267,756	280,704	270,941
Loans	939,914	924,817	853,425	916,228	843,271
Liabilities and Stockholders' Equity					
Total Deposits	1,022,216	1,016,951	982,617	1,002,702	961,770
Interest Bearing Deposits	809,971	808,726	804,096	800,209	792,761
Interest Bearing Liabilities	1,020,926	1,013,015	971,005	1,008,805	965,374
Common Stockholders' Equity	97,490	93,808	87,899	95,081	87,395
INCOME STATEMENT DATA					
Net Interest Income	\$ 10,814	\$ 10,278	\$ 10,405	\$ 31,300	\$ 31,699
Net Interest Income-Fully Tax Equivalent	11,130	10,609	10,682	32,273	31,927
Provision for Loan Losses	150	246	380	648	1,764
Noninterest Income	4,531	4,146	4,481	12,837	13,806
Noninterest Expense	9,201	9,195	9,096	27,304	27,334
Net Income	3,951	3,344	3,591	10,797	10,855
PER SHARE DATA					
Basic Net Income Per Common Share	\$ 0.67	\$ 0.57	\$ 0.62	\$ 1.84	\$ 1.87
Diluted Net Income Per Common Share	0.65	0.55	0.60	1.78	1.81
Cash Dividends Per Common Share	0.21	0.21	0.19	0.63	0.57
Book Value Per Common Share (equity per share issued)	16.80	15.82	15.25	16.80	15.25
Market Value - High	34.46	34.49	34.40	38.05	34.40

Market Value - Low	30.74	28.31	29.51	28.31	23.00
Basic Weighted Average Common Shares Outstanding	5,874,981	5,859,474	5,819,671	5,859,191	5,816,830
Diluted Weighted Average Common Shares Outstanding	6,058,608	6,048,256	6,017,241	6,053,125	5,982,283

KEY RATIOS										
Return on Average Assets	1.17	%	1.02	%	1.15	%	1.10	%	1.18	%
Return on Average Common Stockholders' Equity	16.12		14.34		16.33		15.17		16.73	
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	59.96		65.19		61.08		61.86		60.05	
Average Equity to Average Assets	7.28		7.10		7.01		7.23		7.05	
Net Interest Margin	3.60		3.52		3.71		3.57		3.84	
Net Charge Offs to Average Loans	0.02		0.04		0.05		0.02		0.20	
Loan Loss Reserve to Loans	1.13		1.14		1.19		1.13		1.19	
Nonperforming Assets to Loans	1.14		0.51		0.73		1.14		0.73	
Tier 1 Leverage	9.24		9.14		8.31		9.24		8.31	
Tier 1 Risk-Based Capital	11.72		11.60		10.77		11.72		10.77	
Total Capital	12.74		12.63		11.82		12.74		11.82	

ASSET QUALITY										
Loans Past Due 90 Days or More	\$	2,821	\$	2,855	\$	3,226	\$	2,821	\$	3,226
Non-accrual Loans		7,779		1,575		1,291		7,779		1,291
Net Charge Offs		52		80		102		141		1,232
Other Real Estate Owned		277		277		1,530		277		1,530
Other Nonperforming Assets		28		30		120		28		120
Total Nonperforming Assets		10,905		4,737		6,167		10,905		6,167

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

	September 30, 2004	December 31, 2003
	----- (Unaudited)	-----
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 47,134	\$ 52,297
Short-term investments	6,696	5,144
	-----	-----
Total cash and cash equivalents	53,830	57,441
Securities available-for-sale:		
U. S. Treasury and government agency securities	21,950	17,280
Mortgage-backed securities	208,902	211,142
State and municipal securities	54,131	52,945
	-----	-----
Total securities available-for-sale	284,983	281,367
Real estate mortgages held-for-sale	2,298	3,431
Loans:		
Total loans	952,671	870,882
Less: Allowance for loan losses	10,741	10,234
	-----	-----
Net loans	941,930	860,648
Land, premises and equipment, net	25,372	26,157
Accrued income receivable	5,254	5,010
Goodwill	4,970	4,970
Other intangible assets	1,299	1,460
Other assets	29,598	30,930
	-----	-----
Total assets	\$ 1,349,534	\$ 1,271,414
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	\$ 211,262	\$ 185,734
Interest bearing deposits	832,251	740,657
	-----	-----
Total deposits	1,043,513	926,391
Short-term borrowings:		
Federal funds purchased	22,500	24,000
Securities sold under agreements to repurchase	71,794	102,601
U.S. Treasury demand notes	2,792	3,160
Other borrowings	60,000	55,000
	-----	-----
Total short-term borrowings	157,086	184,761
Accrued expenses payable	7,548	7,804
Other liabilities	1,676	1,461
Long-term borrowings	10,046	30,047
Subordinated debentures	30,928	30,928
	-----	-----
Total liabilities	1,250,797	1,181,392
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,876,744 shares issued and 5,842,377 outstanding as of September 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	11,461	10,509
Retained earnings	87,359	80,260
Accumulated other comprehensive income/(loss)	(796)	(1,282)
Treasury stock, at cost	(740)	(918)
	-----	-----
Total stockholders' equity	98,737	90,022
	-----	-----
Total liabilities and stockholders' equity	\$ 1,349,534	\$ 1,271,414
	=====	=====

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans: Taxable	\$ 12,352	\$ 11,543	\$ 35,255	\$ 35,453
Tax exempt	67	74	206	203
Total loan income	12,419	11,617	35,461	35,656
Short-term investments	33	48	82	133
Securities:				
U.S. Treasury and government agency securities	191	145	534	460
Mortgage-backed securities	1,780	2,473	5,484	8,099
State and municipal securities	585	550	1,757	1,475
Total interest and dividend income	15,008	14,833	43,318	45,823
INTEREST EXPENSE				
Interest on deposits	3,249	3,421	9,381	10,909
Interest on short-term borrowings	517	244	1,215	897
Interest on long-term debt	428	763	1,422	2,318
Total interest expense	4,194	4,428	12,018	14,124
NET INTEREST INCOME	10,814	10,405	31,300	31,699
Provision for loan losses	150	380	648	1,764
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,664	10,025	30,652	29,935
NONINTEREST INCOME				
Trust and brokerage fees	800	627	2,319	1,802
Service charges on deposit accounts	1,840	1,736	5,194	5,136
Credit card fee income	576	487	1,657	1,313
Other income (net)	884	1,256	2,943	2,908
Net gains on sale of real estate mortgages held for sale	431	383	724	2,655
Net securities losses	0	(8)	0	(8)
Total noninterest income	4,531	4,481	12,837	13,806
NONINTEREST EXPENSE				
Salaries and employee benefits	4,921	5,076	14,705	14,789
Occupancy and equipment expense	1,203	1,192	3,334	3,772
Data processing expense	656	562	1,901	1,835
Credit card interchange	404	285	1,037	728
Other expense	2,017	1,981	6,327	6,210
Total noninterest expense	9,201	9,096	27,304	27,334
INCOME BEFORE INCOME TAX EXPENSE	5,994	5,410	16,185	16,407
Income tax expense	2,043	1,819	5,388	5,552
NET INCOME	\$ 3,951	\$ 3,591	\$ 10,797	\$ 10,855
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,874,981	5,819,671	5,859,191	5,816,830
BASIC EARNINGS PER COMMON SHARE	\$ 0.67	\$ 0.62	\$ 1.84	\$ 1.87
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,058,608	6,017,241	6,053,125	5,982,283
DILUTED EARNINGS PER COMMON SHARE	\$ 0.65	\$ 0.60	\$ 1.78	\$ 1.81