

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) January 18, 2005

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 January 18, 2005, Lakeland Financial Corporation issued a press release announcing its earnings for the year ended December 31, 2004. The news release is attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated January 18, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAKELAND FINANCIAL CORPORATION

Dated: January 18, 2005

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

FOR IMMEDIATE RELEASE

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

17th CONSECUTIVE YEAR OF RECORD EARNINGS REPORTED
 FOR LAKELAND FINANCIAL CORPORATION

Warsaw, Indiana (January 18, 2005) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported record net income of \$14.5 million for the year ended December 31, 2004, an increase of 5% versus \$13.9 million for 2003. Diluted net income per share for the year ended December 31, 2004 was \$2.40 versus \$2.31 for 2003, an increase of 4%. Net income for the fourth quarter of 2004 was \$3.7 million versus \$3.0 million for the comparable period of 2003, an increase of 25%. Diluted net income per share was \$0.62 for the fourth quarter of 2004, an increase of 24% versus \$0.50 in the comparable period of 2003.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented, "The Lake City Bank team has delivered record income performance for the 17th consecutive year. We are very pleased with the momentum our business built during the second half of 2004 and are excited by our prospects for 2005. Total loans exceeded \$1 billion with new loan activity of \$132 million during the year, an increase of 15% versus 2003."

Kubacki continued, "We experienced strong loan growth in every region this year, reflecting the great job that our retail and commercial lending teams are doing in expanding our market penetration in both mature and emerging markets. Our performance in the Fort Wayne area, where total commercial loans grew by more than 30% in 2004, is reflective of our success. In every region we've worked hard to build on our reputation as a thoughtful, relationship oriented lender. We are proud that our clients view us as long-term partners in building their businesses, not just a source of capital."

Driven by loan growth, net interest income increased to \$42.8 million in 2004 versus \$42.2 million in 2003. The net interest margin of 3.60% for the year was down from 3.82% in 2003. "Recent interest rate increases have resulted in an improved net interest margin during the second half of 2004. If this improving net interest margin continues and we maintain our healthy loan growth, we expect continued improvement in net interest income performance in 2005," added Kubacki.

The Company also announced that the Board of Directors approved a cash dividend for the fourth quarter of \$0.21 per share, payable on January 25, 2005 to shareholders of record on January 10, 2005. 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 4% during 2004 versus 2003. Leading the improvement were a \$645,000 increase in trust and brokerage fees, which increased 27%, and a \$472,000 increase in credit card fees, which increased 27%. Net gains on the sale of mortgages held for sale were \$987,000 during 2004 versus \$3.0 million 2003.

Kubacki observed, "By building upon our reputation as a leading commercial and retail bank, we have successfully grown fee-based services. Lake City Bank has the technology platform to compete with regional and national competitors and we continue to leverage this infrastructure to grow our fee-based services. While revenue from our mortgage operations declined in 2004 due to a general slowdown in the mortgage business, our noninterest income generation improved in all other categories."

"We were also proud of our ability to lower overhead expenses in 2004 while at the same time expanding our relationship management staff and continuing to reinvest in technology," added Kubacki. Noninterest expense decreased by 3%, or \$1.0 million, in 2004 to \$36.7 million. Excluding a one-time loss on extinguishment of debt of \$804,000 incurred during 2003, noninterest expense declined by \$215,000 during 2004 versus 2003.

Total loans as of December 31, 2004 were \$1.0 billion versus \$952.7 million as of September 30, 2004, and \$870.9 million as of December 31, 2003. Average loans for 2004 were \$930.9 million versus \$847.6 million in 2003, an increase of 10%. Average loans during the fourth quarter of 2004 were \$974.7 million compared to \$939.9 million in the third quarter of 2004, a linked-quarter increase of 4%.

Lakeland Financial's allowance for loan losses as of December 31, 2004 was \$10.8 million compared to \$10.7 million as of September 30, 2004 and \$10.2 million as of December 31, 2003. Total non-performing assets were \$10.3 million as of December 31, 2004 versus \$10.9 million as of September 30, 2004 and \$4.3 million as of December 31, 2003. The ratio of non-performing assets to loans was 1.02% on December 31, 2004 compared to 1.14% at September 30, 2004 and 0.50% as of December 31, 2003.

Net charge offs totaled \$703,000 for the year ended December 31, 2004 versus \$1.6 million in the comparable period of 2003. In 2004, net charge offs were 0.08% of average loans compared to 0.18% in 2003. Net charge offs totaled \$562,000 in the fourth quarter versus \$320,000 in the fourth quarter of 2003 and \$52,000 during the third quarter of 2004.

Kubacki commented, "Charge offs, when measured as a percentage of average loans, were at five-year lows in 2004. The year over year increase in non-performing assets was attributable to the addition of a single commercial

credit of \$6.1 million during the third quarter. We continue to work with the borrower and guarantors, who have made a commitment to working with us to resolve this situation. The borrower filed for chapter 11 bankruptcy and continues the process of determining its future business strategy. Borrower collateral and the personal guarantees of its principals support the credit."

For the year ended December 31, 2004, Lakeland Financial's average equity to average assets ratio was 7.13% versus 7.05% in 2003. Average stockholders' equity for 2004 was \$95.1 million versus \$86.6 million in 2003. Average total deposits for the year ended December 31, 2004 were \$1.0 billion versus \$969.7 million for the comparable period in 2003.

Lakeland Financial Corporation is a \$1.4 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". Market makers 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
FOURTH QUARTER 2004 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2004	Sep. 30, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
END OF PERIOD BALANCES					
Assets	\$ 1,453,122	\$ 1,349,534	\$ 1,271,414	\$ 1,453,122	\$ 1,271,414
Deposits	1,115,399	1,043,513	926,391	1,115,399	926,391
Loans	1,003,219	952,671	870,882	1,003,219	870,882
Allowance for Loan Losses	10,754	10,741	10,234	10,754	10,234
Common Stockholders' Equity	101,765	98,737	90,022	101,765	90,022
AVERAGE BALANCES					
Assets					
Total Assets	\$ 1,391,171	\$ 1,338,968	\$ 1,261,157	\$ 1,332,713	\$ 1,239,546
Earning Assets	1,281,124	1,229,356	1,153,994	1,225,253	1,136,732
Investments	285,344	279,907	271,815	281,870	271,161
Loans	974,732	939,914	860,265	930,934	847,554
Liabilities and Stockholders' Equity					
Total Deposits	1,126,411	1,022,216	993,267	1,033,798	969,709
Interest Bearing Deposits	903,633	809,971	805,586	826,206	795,993
Interest Bearing Liabilities	1,057,924	1,020,926	977,189	1,021,152	969,306

Common Stockholders' Equity	100,779	97,490	88,045	95,086	86,613
INCOME STATEMENT DATA					
Net Interest Income	\$ 11,465	\$ 10,814	\$ 10,500	\$ 42,765	\$ 42,199
Net Interest Income-Fully Tax Equivalent	11,784	11,130	10,836	44,054	43,373
Provision for Loan Losses	575	150	490	1,223	2,254
Noninterest Income	4,128	4,531	4,621	16,965	18,427
Noninterest Expense	9,356	9,201	10,345	36,660	37,679
Net Income	3,748	3,951	3,010	14,545	13,865
PER SHARE DATA					
Basic Net Income Per Common Share	\$ 0.64	\$ 0.67	\$ 0.52	\$ 2.48	\$ 2.38
Diluted Net Income Per Common Share	0.62	0.65	0.50	2.40	2.31
Cash Dividends Per Common Share	0.21	0.21	0.19	0.84	0.76
Book Value Per Common Share (equity per share issued)	17.20	16.80	15.43	17.20	15.43
Market Value - High	40.90	34.46	37.47	40.90	37.47
Market Value - Low	33.80	30.74	33.51	28.31	23.00
Basic Weighted Average Common Shares Outstanding	5,893,060	5,874,981	5,829,072	5,867,705	5,819,916
Diluted Weighted Average Common Shares Outstanding	6,098,920	6,058,608	6,046,778	6,064,077	6,001,449
KEY RATIOS					
Return on Average Assets	1.07 %	1.17 %	0.95 %	1.09 %	1.12 %
Return on Average Common Stockholders' Equity	14.80	16.12	13.42	15.30	15.88
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	60.00	59.96	68.41	61.38	62.10
Average Equity to Average Assets	7.24	7.28	7.06	7.13	7.05
Net Interest Margin	3.66	3.60	3.73	3.60	3.82
Net Charge Offs to Average Loans	0.23	0.02	0.15	0.08	0.18
Loan Loss Reserve to Loans	1.07	1.13	1.18	1.07	1.18
Nonperforming Assets to Loans	1.02	1.14	0.50	1.02	0.50
Tier 1 Leverage	9.15	9.24	9.15	9.15	9.15
Tier 1 Risk-Based Capital	11.41	11.72	11.78	11.41	11.78
Total Capital	12.38	12.74	12.83	12.38	11.92
ASSET QUALITY					
Loans Past Due 90 Days or More	\$ 2,778	\$ 2,821	\$ 3,191	\$ 2,778	\$ 3,191
Non-accrual Loans	7,213	7,779	553	7,213	553
Net Charge Offs	562	52	320	703	1,553
Other Real Estate Owned	261	277	557	261	557
Other Nonperforming Assets	13	28	27	13	27
Total Nonperforming Assets	10,265	10,905	4,328	10,265	4,328

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

	December 31, 2004	December 31, 2003
	-----	-----
	(Unaudited)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 81,144	\$ 52,297
Short-term investments	22,714	5,144
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Total cash and cash equivalents	103,858	57,441
Securities available-for-sale:		
U. S. Treasury and government agency securities	23,874	17,280
Mortgage-backed securities	208,961	211,142
State and municipal securities	53,747	52,945
	-----	-----
Total securities available-for-sale	286,582	281,367
Real estate mortgages held-for-sale	2,991	3,431
Loans:		
Total loans	1,003,219	870,882
Less: Allowance for loan losses	10,754	10,234
	-----	-----
Net loans	992,465	860,648
Land, premises and equipment, net	25,057	26,157
Accrued income receivable	5,765	5,010
Goodwill	4,970	4,970
Other intangible assets	1,245	1,460
Other assets	30,189	30,930
	-----	-----
Total assets	\$ 1,453,122	\$ 1,271,414
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	\$ 237,261	\$ 185,734
Interest bearing deposits	878,138	740,657
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Total deposits	1,115,399	926,391
Short-term borrowings:		
Federal funds purchased	20,000	24,000
Securities sold under agreements to repurchase	88,057	102,601
U.S. Treasury demand notes	2,593	3,160
Other borrowings	75,000	55,000
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Total short-term borrowings	185,650	184,761
Accrued expenses payable	7,445	7,804
Other liabilities	1,889	1,461
Long-term borrowings	10,046	30,047
Subordinated debentures	30,928	30,928
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Total liabilities	1,351,357	1,181,392
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,915,854 shares issued and 5,881,283 outstanding as of December 31, 2004, and 5,834,744 shares issued and 5,788,263 outstanding at December 31, 2003	1,453	1,453
Additional paid-in capital	12,463	10,509
Retained earnings	89,864	80,260
Accumulated other comprehensive income/(loss)	(1,267)	(1,282)
Treasury stock, at cost	(748)	(918)
	-----	-----
Total stockholders' equity	101,765	90,022
	-----	-----
Total liabilities and stockholders' equity	\$ 1,453,122	\$ 1,271,414
	=====	=====

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Twelve Months Ended December 31, 2004 and 2003
(in thousands except for share data)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME				

Interest and fees on loans: Taxable	\$ 13,425	\$ 11,408	\$ 48,680	\$ 46,861
Tax exempt	81	77	287	280

Total loan income	13,506	11,485	48,967	47,141
Short-term investments	102	55	184	188
Securities:				
U.S. Treasury and government agency securities	206	133	740	593
Mortgage-backed securities	1,879	2,254	7,363	10,353
State and municipal securities	587	586	2,344	2,061

Total interest and dividend income	16,280	14,513	59,598	60,336
INTEREST EXPENSE				

Interest on deposits	4,016	3,170	13,397	14,079
Interest on short-term borrowings	341	213	1,556	1,110
Interest on long-term debt	458	630	1,880	2,948

Total interest expense	4,815	4,013	16,833	18,137

NET INTEREST INCOME	11,465	10,500	42,765	42,199

Provision for loan losses	575	490	1,223	2,254

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,890	10,010	41,542	39,945

NONINTEREST INCOME				

Trust and brokerage fees	696	568	3,015	2,370
Service charges on deposit accounts	1,723	1,724	6,917	6,860
Loan, insurance and service fees	562	535	2,352	2,296
Merchant card fee income	562	435	2,219	1,747
Other income (net)	322	488	1,475	1,636
Net gains on sale of real estate mortgages held for sale	263	363	987	3,018
Net securities gains	0	508	0	500

Total noninterest income	4,128	4,621	16,965	18,427
NONINTEREST EXPENSE				

Salaries and employee benefits	4,968	5,040	19,673	19,829
Net occupancy expense	694	634	2,496	2,444
Equipment Costs	574	569	2,106	2,538
Data processing fees and supplies	645	598	2,546	2,433
Credit card interchange	360	227	1,397	954
Loss on extinguishment of debt	0	804	0	804
Other expense	2,115	2,466	8,442	8,677

Total noninterest expense	9,356	10,345	36,660	37,679
INCOME BEFORE INCOME TAX EXPENSE	5,662	4,286	21,847	20,693

Income tax expense	1,914	1,276	7,302	6,828

NET INCOME	\$ 3,748	\$ 3,010	\$ 14,545	\$ 13,865

BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,893,060	5,829,072	5,867,705	5,819,916
BASIC EARNINGS PER COMMON SHARE	\$ 0.64	\$ 0.52	\$ 2.48	\$ 2.38

DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,098,920	6,046,778	6,064,077	6,001,449
DILUTED EARNINGS PER COMMON SHARE	\$ 0.62	\$ 0.50	\$ 2.40	\$ 2.31
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