

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

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 (I.R.S. Employer  
incorporation or organization) 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  NO

Indicate by check mark whether the registrant is an accelerated filer (as  
defined in Rule 12b-2 of the Exchange Act).  
YES  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 April 30, 2004
Common Stock, No Par Value	5,822,171

LAKELAND FINANCIAL CORPORATION

Form 10-Q Quarterly Report

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Part 1  
LAKELAND FINANCIAL CORPORATION  
ITEM 1 - FINANCIAL STATEMENTS

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

(Page 1 of 2)

	March 31, 2004	December 31, 2003
	-----	-----
	(Unaudited)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 50,651	\$ 52,297
Short-term investments	6,823	5,144
	-----	-----
Total cash and cash equivalents	57,474	57,441
Securities available-for-sale:		
U. S. Treasury and government agency securities	19,641	17,280
Mortgage-backed securities	211,988	211,142
State and municipal securities	53,322	52,945
	-----	-----
Total securities available-for-sale (carried at fair value)	284,951	281,367
Real estate mortgages held-for-sale	3,513	3,431
Loans:		
Total loans	884,499	870,882
Less: Allowance for loan losses	10,477	10,234
	-----	-----
Net loans	874,022	860,648
Land, premises and equipment, net	25,976	26,157
Accrued income receivable	5,173	5,010
Goodwill	4,970	4,970
Other intangible assets	1,406	1,460
Other assets	28,444	30,930
	-----	-----
Total assets	\$ 1,285,929	\$ 1,271,414
	=====	=====

(Continued)

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
As of March 31, 2004 and December 31, 2003  
(in thousands except for share and per share data)

(Page 2 of 2)

	March 31, 2004	December 31, 2003
	-----	-----
	(Unaudited)	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest bearing deposits	\$ 197,977	\$ 185,734
Interest bearing deposits	808,834	740,657
	-----	-----
Total deposits	1,006,811	926,391
Short-term borrowings:		
Federal funds purchased	16,000	24,000
Securities sold under agreements to repurchase	86,511	102,601
U.S. Treasury demand notes	2,303	3,160
Other borrowings	10,000	55,000
	-----	-----
Total short-term borrowings	114,814	184,761
Accrued expenses payable	7,626	7,804
Other liabilities	1,513	1,461
Long-term borrowings	30,046	30,047
Subordinated debentures	30,928	30,928
	-----	-----
Total liabilities	1,191,738	1,181,392
<b>STOCKHOLDERS' EQUITY</b>		
Common stock: No par value, 90,000,000 shares authorized, 5,849,494 shares issued and 5,817,474 outstanding as of March 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	10,700	10,509
Retained earnings	82,534	80,260
Accumulated other comprehensive income (loss)	169	(1,282)
Treasury stock, at cost	(665)	(918)
	-----	-----
Total stockholders' equity	94,191	90,022
	-----	-----
Total liabilities and stockholders' equity	\$ 1,285,929	\$ 1,271,414
	=====	=====

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

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
For the Three Months Ended March 31, 2004 and 2003  
(in thousands except for share and per share data)

(Unaudited)

(Page 1 of 2)

	Three Months Ended March 31,	
	2004	2003
<b>INTEREST AND DIVIDEND INCOME</b>		
<hr style="border-top: 1px dashed black;"/>		
Interest and fees on loans: Taxable	\$ 11,316	\$ 11,833
Tax exempt	68	63
<hr style="border-top: 1px dashed black;"/>		
Total loan income	11,384	11,896
Short-term investments	28	27
<b>Securities:</b>		
U.S. Treasury and government agency securities	157	170
Mortgage-backed securities	2,022	2,932
State and municipal securities	584	428
<hr style="border-top: 1px dashed black;"/>		
Total interest and dividend income	14,175	15,453
 <b>INTEREST EXPENSE</b>		
<hr style="border-top: 1px dashed black;"/>		
Interest on deposits	3,031	3,786
Interest on short-term borrowings	346	340
Interest on long-term debt	590	776
<hr style="border-top: 1px dashed black;"/>		
Total interest expense	3,967	4,902
<hr style="border-top: 1px dashed black;"/>		
<b>NET INTEREST INCOME</b>	10,208	10,551
<hr style="border-top: 1px dashed black;"/>		
Provision for loan losses	252	667
<hr style="border-top: 1px dashed black;"/>		
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	9,956	9,884
<hr style="border-top: 1px dashed black;"/>		
<b>NONINTEREST INCOME</b>		
<hr style="border-top: 1px dashed black;"/>		
Trust and brokerage fees	739	610
Service charges on deposit accounts	1,657	1,664
Credit card fee income	500	360
Other income (net)	944	673
Net gains on the sale of real estate mortgages held-for-sale	320	1,079
<hr style="border-top: 1px dashed black;"/>		
Total noninterest income	4,160	4,386
 <b>NONINTEREST EXPENSE</b>		
<hr style="border-top: 1px dashed black;"/>		
Salaries and employee benefits	4,925	4,705
Occupancy and equipment expense	1,017	1,362
Data processing expense	595	583
Credit card interchange	290	196
Other expense	2,081	2,125
<hr style="border-top: 1px dashed black;"/>		
Total noninterest expense	8,908	8,971

(Continued)

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
For the Three Months Ended March 31, 2004 and 2003  
(in thousands except for share and per share data)

(Unaudited)

(Page 2 of 2)

	Three Months Ended March 31,	
	2004	2003
INCOME BEFORE INCOME TAX EXPENSE -----	5,208	5,299
Income tax expense	1,706	1,784
NET INCOME -----	\$ 3,502	\$ 3,515
	=====	=====
Other comprehensive income (loss), net of tax: Unrealized gain/(loss) on available- for-sale securities	1,451	(1,325)
	-----	-----
TOTAL COMPREHENSIVE INCOME	\$ 4,953	\$ 2,190
	=====	=====
 AVERAGE COMMON SHARES OUTSTANDING FOR BASIC EPS	 5,842,946	 5,813,984
BASIC EARNINGS PER COMMON SHARE -----	\$ 0.60	\$ 0.60
	=====	=====
AVERAGE COMMON SHARES OUTSTANDING FOR DILUTED EPS	6,052,537	5,957,134
DILUTED EARNINGS PER SHARE -----	\$ 0.58	\$ 0.59
	=====	=====

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

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2004 and 2003  
(in thousands)

(Unaudited)

(Page 1 of 2)

	2004	2003
	-----	-----
Cash flows from operating activities:		
Net income	\$ 3,502	\$ 3,515
	-----	-----
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	460	540
Provision for loan losses	252	667
Amortization of intangible assets	54	44
Amortization of mortgage servicing rights	147	215
Impairment of mortgage servicing rights	159	141
Loans originated for sale	(13,448)	(37,514)
Net gain on sale of loans	(320)	(1,079)
Proceeds from sale of loans	13,594	41,710
Net loss on sale of premises and equipment	25	0
Net securities amortization	822	376
Stock compensation expense	33	0
Earnings on life insurance	(151)	(168)
Net change:		
Income receivable	(163)	(125)
Accrued expenses payable	(215)	(163)
Other assets	1,814	(397)
Other liabilities	52	1,646
	-----	-----
Total adjustments	3,115	5,893
	-----	-----
Net cash from operating activities	6,617	9,408
	-----	-----
Cash flows from investing activities:		
Proceeds from maturities, sales and calls of securities available-for-sale	14,049	32,928
Purchases of securities available-for-sale	(16,205)	(37,451)
Purchase of life insurance	(91)	0
Net increase in total loans	(13,626)	(4,713)
Proceeds from sales of land, premises and equipment	26	0
Purchase of land, premises and equipment	(330)	(383)
	-----	-----
Net cash from investing activities	(16,177)	(9,619)
	-----	-----

(Continued)

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2004 and 2003  
(in thousands)

(Unaudited)

(Page 2 of 2)

	2004	2003
	-----	-----
Cash flows from financing activities:		
Net increase in total deposits	\$ 80,420	\$ 48,169
Proceeds from short-term borrowings	5,548,834	6,464,530
Payments on short-term borrowings	(5,618,781)	(6,538,161)
Payments on long-term borrowings	(1)	(1)
Dividends paid	(1,109)	(988)
Proceeds from stock options exercise	312	0
(Purchase) sale of treasury stock	(82)	47
	-----	-----
Net cash from financing activities	9,593	(26,404)
	-----	-----
Net decrease in cash and cash equivalents	33	(26,615)
Cash and cash equivalents at beginning of the period	57,441	87,149
	-----	-----
Cash and cash equivalents at end of the period	\$ 57,474	\$ 60,543
	=====	=====
Cash paid during the period for:		
Interest	\$ 3,392	\$ 4,312
	=====	=====
Income taxes	\$ 0	\$ 25
	=====	=====
Loans transferred to other real estate	\$ 0	\$ 65
	=====	=====

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

LAKELAND FINANCIAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2004

(Unaudited)

NOTE 1. BASIS OF PRESENTATION

This report is filed for Lakeland Financial Corporation (the "Company") and its wholly-owned subsidiary, Lake City Bank (the "Bank"). 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 period ending March 31, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. The 2003 Lakeland Financial Corporation Annual Report on Form 10-K should be read in conjunction with these statements.

NOTE 2. EARNINGS PER SHARE

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

Employee compensation expense under stock options is reported using the intrinsic value method. No stock-based compensation cost is reflected in net income at the time of grant, as all options granted had an exercise price equal to or greater than the market price of the underlying common stock at date of grant. No additional options were granted in the first three months of 2004. Had compensation cost for stock options been recorded in the financial statements, net income and earnings per share would have been the pro forma amounts indicated below. The pro forma effect may increase in the future if more options are granted.



	Three Months Ended March 31,	
	2004	2003
Net income (in thousands) as reported	\$ 3,502	\$ 3,515
Deduct: stock-based compensation expense determined under fair value based method	105	118
Pro forma net income	\$ 3,397	\$ 3,397
Basic earnings per common share as reported	\$ 0.60	\$ 0.60
Pro forma basic earnings per share	\$ 0.58	\$ 0.58
Diluted earnings per share as reported	\$ 0.58	\$ 0.59
Pro forma diluted earnings per share	\$ 0.56	\$ 0.57

The common shares outstanding for the stockholders' equity section of the consolidated balance sheet at March 31, 2004 reflects the acquisition of 32,020 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.

NOTE 3. LOANS

	March 31, 2004	December 31, 2003
	(in thousands)	
Commercial and industrial loans	\$ 609,626	\$ 593,194
Agri-business and agricultural loans	78,293	82,262
Real estate mortgage loans	40,745	40,118
Real estate construction loans	4,110	3,932
Installment loans and credit cards	151,725	151,376
Total loans	\$ 884,499	\$ 870,882
Impaired loans	\$ 3,468	\$ 3,039
Non-performing loans	\$ 4,208	\$ 3,744

NOTE 4. EMPLOYEE BENEFIT PLANS

Components of Net Periodic Benefit Cost

Three months ended March 31:

	Pension Benefits		SERP Benefits	
	2004	2003	2004	2003
Service cost	\$ 0	\$ 0	\$ 0	\$ 0
Interest cost	37	39	20	23
Expected return on plan assets	(31)	(35)	(25)	(24)
Recognized net actuarial loss	10	7	9	7
	----	----	----	----
Net pension expense	\$ 16	\$ 11	\$ 4	\$ 6
	====	====	====	====

The Company previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute \$299,000 to its pension plan and \$119,000 to its SERP plan in 2004. As of March 31, 2004, \$119,000 had been contributed to the SERP plan and \$0 to the pension plan. The Company presently anticipates contributing \$299,000 to its pension plan in 2004.

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

March 31, 2004

OVERVIEW

Lakeland Financial Corporation is the holding company for Lake City Bank. The Company is headquartered in Warsaw, Indiana and operates 43 offices in 12 counties in northern Indiana. The Company earned \$3.5 million for the first three months of 2004, which is nearly unchanged versus the comparable period of 2003. Earnings were positively impacted by a \$415,000 decrease in the provision for loan losses and a \$63,000 decrease in noninterest expense. Offsetting these positive impacts were decreases of \$343,000 in net interest income and \$226,000 in noninterest income. Basic earnings per share were \$0.60 per share in the first quarters of both 2004 and 2003. 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 three months of 2004 were \$0.58 per share, versus \$0.59 per share for the first three months of 2003.

RESULTS OF OPERATIONS

Net Interest Income

For the three-month period ended March 31, 2004, net interest income totaled \$10.2 million, a decrease of 3.3%, or \$343,000 versus the first three months of 2003. Net interest income decreased in the three-month period of 2004 versus the comparable period of 2003, primarily due to a 33 basis point decline in the net interest margin to 3.60% in the three-month period ended March 31, 2004 versus the comparable period of 2003. For the three-month period ended March 31, 2004, average earning assets increased by \$63.4 million, or 5.7%, to \$1.177 billion, and average noninterest bearing demand deposits increased by \$29.8 million, or 18.9%, to \$186.9 million, versus the same period in 2003.

During the first three months of 2004, total interest and dividend income decreased by \$1.3 million, or 8.3% to \$14.2 million, versus \$15.5 million during the same three months of 2003. The tax equivalent yield on average earning assets decreased by 69 basis points to 5.0% for the three-month period ended March 31, 2004 versus the same period of 2003.

The average daily loan balances for the first three months of 2004 increased 6.5% to \$883.7 million, over the average daily loan balances of \$829.6 million for the same period of 2003. During the same period, loan

interest income declined by \$512,000, or 4.3%, to \$11.4 million. The decrease was the result of a 54 basis point decrease in the tax equivalent yield on loans to 5.2% from 5.7% in the first three months of 2003.

The average daily securities balances for the first three months of 2004 increased \$6.9 million, or 2.5%, to \$282.1 million, versus \$275.2 million for the same period of 2003. During the same periods, income from securities declined by \$767,000, or 21.7%, to \$2.8 million versus \$3.5 million during the first three months of 2003. The decrease was primarily the result of a 116 basis point decline in the tax equivalent yields on securities, to 4.4% versus 5.5% in the first three months of 2003.

Total interest expense decreased \$935,000, or 19.1%, to \$4.0 million for the three-month period ended March 31, 2004, from \$4.9 million for the comparable period in 2003. The decrease was primarily the result of a 43 basis point decrease in the Company's daily cost of funds to 1.35%, versus 1.78% for the same period of 2003. On an average daily basis, total deposits (including demand deposits) increased \$34.6 million, or 3.7%, to \$968.7 million for the three-month period ended March 31, 2004, versus \$934.1 million in the same period in 2003. On an average daily basis, noninterest bearing demand deposits increased \$29.8 million, or 18.9% for the three-month period ended March 31, 2004, versus the same period in 2003. When comparing the three months ended March 31, 2004 with the same period of 2003, the average daily balance of time deposits, which pay a higher rate of interest compared to demand deposit and transaction accounts, decreased \$97.0 million and the rate paid on such accounts declined by 11 basis points versus the same period in 2003. Management believes that it is critical to grow demand deposit accounts in both the dollar volume and total number of accounts. These accounts typically provide the Company with opportunities to expand into ancillary activities for both retail and commercial customers. In addition, they represent low cost deposits. Furthermore, the Company is focused on growing transaction money market accounts which also provide a reasonable cost of funds and generally represent relationship accounts. Average daily balances of borrowings increased \$32.7 million, or 18.3%, to \$212.0 million for the three months ended March 31, 2004 versus \$179.2 million for the same period in 2003. The rate on borrowings decreased 73 basis points when comparing the three-month period of 2004 with the same period of 2003. On an average daily basis, total deposits (including demand deposits) and purchased funds increased 6.1% for the three-month period ended March 31, 2004 versus the same period in 2003. The following tables set forth consolidated information regarding average balances and rates.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY;  
INTEREST RATES AND INTEREST DIFFERENTIAL  
(in thousands of dollars)

Three Months Ended March 31,

	2004			2003		
	Average Balance	Interest Income	Yield (1)	Average Balance	Interest Income	Yield (1)
<b>ASSETS</b>						
Earning assets:						
Loans:						
Taxable (2)(3)	\$ 875,479	\$ 11,319	5.20 %	\$ 822,839	\$ 11,833	5.83 %
Tax exempt (1)	8,212	96	4.70	6,808	83	4.94
Investments: (1)						
Available for sale	282,053	3,058	4.36	275,204	3,746	5.52
Short-term investments	8,177	19	0.93	4,928	15	1.23
Interest bearing deposits	3,007	9	1.20	3,729	12	1.31
<b>Total earning assets</b>	<b>1,176,928</b>	<b>14,501</b>	<b>4.95 %</b>	<b>1,113,508</b>	<b>15,689</b>	<b>5.71 %</b>
Nonearning assets:						
Cash and due from banks	47,768	0		42,975	0	
Premises and equipment	26,064	0		24,785	0	
Other nonearning assets	41,015	0		40,493	0	
Less allowance for loan loss losses	(10,362)	0		(9,619)	0	
<b>Total assets</b>	<b>\$ 1,281,413</b>	<b>\$ 14,501</b>		<b>\$ 1,212,142</b>	<b>\$ 15,689</b>	

(1) Tax exempt income was converted to a fully taxable equivalent basis at a 35 percent tax rate for 2004 and 2003. The tax equivalent rate for tax exempt loans and tax exempt securities acquired after January 1, 1983 included the TEFRA adjustment applicable to nondeductible interest expenses.

(2) Loan fees, which are immaterial in relation to total taxable loan interest income for the three months ended March 31, 2004 and 2003, are included as taxable loan interest income.

(3) Nonaccrual loans are included in the average balance of taxable loans.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY;  
INTEREST RATES AND INTEREST DIFFERENTIAL (Cont.)  
(in thousands of dollars)

	Three Months Ended March 31,					
	2004			2003		
	Average Balance	Interest Expense	Yield	Average Balance	Interest Expense	Yield
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Interest bearing liabilities:						
Savings deposits	\$ 64,953	\$ 28	0.17 %	\$ 56,720	\$ 69	0.49 %
Interest bearing checking accounts	346,328	738	0.86	252,626	757	1.22
Time deposits:						
In denominations under \$100,000	205,378	1,440	2.82	208,952	1,684	3.27
In denominations over \$100,000	165,164	825	2.01	258,633	1,276	2.00
Miscellaneous short-term borrowings	150,989	346	0.92	127,268	340	1.08
Long-term borrowings	60,974	590	3.89	51,966	776	6.06
<b>Total interest bearing liabilities</b>	<b>993,786</b>	<b>3,967</b>	<b>1.61 %</b>	<b>956,165</b>	<b>4,902</b>	<b>2.08 %</b>
Noninterest bearing liabilities and stockholders' equity:						
Demand deposits	186,901	0		157,147	0	
Other liabilities	8,282	0		13,241	0	
Stockholders' equity	92,444	0		85,589	0	
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,281,413</b>	<b>\$ 3,967</b>		<b>\$ 1,212,142</b>	<b>\$ 4,902</b>	
<b>Net interest differential - yield on average daily earning assets</b>		<b>\$ 10,534</b>	<b>3.60 %</b>		<b>\$ 10,787</b>	<b>3.93 %</b>

Provision for Loan Losses

Based on management's review of the adequacy of the allowance for loan losses, a provision for losses on loans of \$252,000 was recorded during the three-month period ended March 31, 2004, versus \$667,000 recorded during the same period of 2003. The decrease in the provision for loan losses for the three-month periods reflected a number of factors, including the amount and status of impaired loans, the amount and status of past due accruing loans (90 days or more), the level of charge-offs, and management's overall view on current credit quality, as discussed in more detail below in the analysis relating to the Company's financial condition.

Noninterest Income

Noninterest income decreased by \$226,000 to \$4.2 million in the first quarter of 2004 from \$4.4 million during the same period of 2003. Noninterest income categories for the three-month periods ended March 31, 2004 and 2003 are shown in the following table:

	Three Months ended March 31,		
	2004	2003	Percent Change
	(in thousands)		
Trust and brokerage fees	\$ 739	\$ 610	21.2 %
Service charges on deposits	1,657	1,664	(0.4)
Credit card fee income	500	360	38.9
Other income (net)	944	673	40.3
Net gains on the sale of real estate mortgages held-for-sale	320	1,079	(70.3)
<b>Total noninterest income</b>	<b>\$ 4,160</b>	<b>\$ 4,386</b>	<b>(5.2)%</b>

Trust fees increased \$151,000 in the three-month period ended March 31, 2004 versus the same period in 2003. The increase in 2004 was primarily in living trust, agency, IRA and employee benefit plan fees, and was derived principally from the Company's December 1, 2003 acquisition of Indiana Capital Management. Brokerage fees decreased \$22,000 in the three-month period ended March 31, 2004 versus the same period in 2003.

Credit card fee income increased by \$140,000, or 38.9% in the three-month period ended March 31, 2004 versus the same period in 2003. The increase was driven by higher volume activity in interchange and merchant fee income.

Other income consists of normal recurring fee income such as mortgage service fees, insurance income and fees, valuation of mortgage servicing rights and safe deposit box rent, as well as other income that management classifies as non-recurring. Other income increased \$271,000 in the three-month period ended March 31, 2004 versus the same period of 2003. The primary driver behind the increase was a \$166,000 increase in operating lease income.

The decrease in profits from the sale of mortgages reflected a decrease in the volume of mortgages sold during the three-month period ended March 31, 2004 versus the same period in 2003. During the first three months of 2004, the Company sold \$13.3 million in mortgages versus \$40.9 million in the comparable period of 2003. The decrease in volume in 2004 was primarily the result of rising mortgage rates during the second half of 2003, the effects of which, in the form of decreased mortgage refinance activity and decreased demand for home mortgages, have carried over to 2004. Although mortgage rates have fallen somewhat during the first quarter of 2004, management does not expect that the high level of mortgage sales gains experienced during 2003 will be repeated during 2004.

#### Noninterest Expense

Noninterest expense decreased by \$63,000 to \$8.9 million in the first quarter of 2004 from \$9.0 million in the same period of 2003. Noninterest expense categories for the three-month period ended March 31, 2004, and 2003 are shown in the following table:

	Three Months Ended March 31,		
	2004	2003	Percent Change
	(in thousands)		
Salaries and employee benefits	\$ 4,925	\$ 4,705	4.7 %
Occupancy and equipment expense	1,017	1,362	(25.3)
Data processing expense	595	583	2.1
Credit card interchange	290	196	48.0
Other expense	2,081	2,125	(2.1)
<b>Total noninterest expense</b>	<b>\$ 8,908</b>	<b>\$ 8,971</b>	<b>(0.7)%</b>

The increase in salaries and employee benefits reflected normal salary increases, increases related to the employee 401(k) plan and incentive compensation plan and higher health care costs. Total employees remained stable with 469 at March 31, 2004, compared to 463 at March 31, 2003.



The decrease in occupancy and equipment expense reflected lower property taxes, as well as lower depreciation expense due to the fact that much of the equipment purchased for significant technology upgrades in 1998 and 1999 and to ensure no interruption from Year 2000 issues are now fully depreciated.

Credit card interchange fees increased by \$94,000 during the first quarter of 2004, due to an increase in processing costs charged by VISA and increased credit card usage by Bank customers during that period versus the first quarter of 2003.

Other expense includes corporate and business development, data processing fees, telecommunications, postage, and professional fees such as legal, accounting, and directors' fees. Other expense decreased slightly in the three-month period ended March 31, 2004 versus the comparable period in 2003.

#### Income Tax Expense

Income tax expense decreased \$78,000, or 4.4%, for the first three months of 2004, compared to the same period in 2003. The combined state franchise tax expense and the federal income tax expense as a percentage of income before income tax expense decreased to 32.8% during the first three months of 2004 compared to 33.7% during the same period in 2003.

#### FINANCIAL CONDITION

Certain of the Company's accounting policies are important to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Some of the facts and circumstances which could affect these judgments include changes in interest rates, in the performance of the economy or in the financial condition of borrowers. Management believes that its critical accounting policies include determining the allowance for loan losses, determining the fair value of securities and other financial instruments and the valuation of mortgage servicing rights. The Company's critical accounting policies are discussed in detail in the Annual Report for the year ended December 31, 2003 (incorporated by reference as part of the Company's 10-K filing) in Note 1 of the Notes to the Consolidated Financial Statements.

Total assets of the Company were \$1.286 billion as of March 31, 2004, an increase of \$14.5 million, or 1.1%, when compared to \$1.271 billion as of December 31, 2003.

Total cash and cash equivalents increased by \$33,000, or 0.01%, to \$57.5 million at March 31, 2004 from \$57.4 million at December 31, 2003.

Total securities available-for-sale increased by \$3.6 million, or 1.3%, to \$285.0 million at March 31, 2004 from \$281.4 million at December 31, 2003. The increase was a result of securities purchases totaling \$16.2 million as well as a \$2.2 million increase in the fair market value of the securities. The market value increase was driven by the declining interest rate environment during the first quarter of 2004. These increases were offset by a number of transactions in the securities portfolio. Paydowns of \$13.7 million were received, and the amortization of premiums, net of the accretion of discounts, was \$822,000. Maturities and calls of securities totaled \$293,000. 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 increased by \$82,000, or 2.4%, to \$3.5 million at March 31, 2004 from \$3.4 million at December 31, 2003. 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 three months ended March 31, 2004, \$13.4 million in real estate mortgages were originated for sale and \$13.3 million in mortgages were sold.

Total loans, excluding real estate mortgages held-for-sale, increased by \$13.6 million, or 1.6%, to \$884.5 million at March 31, 2004 from \$870.9 million at December 31, 2003. The mix of loan types within the Company's portfolio was unchanged, reflecting 78% commercial, 5% real estate and 17% consumer loans at both March 31, 2004 and December 31, 2003.

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 continuing 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 for loan losses.

Loans are charged against the allowance for loan losses when management believes that the uncollectibility of the principal is confirmed. 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. An appropriate level of general allowance is determined based on the application of loss percentages to graded loans by categories. Federal regulations require insured institutions to classify their own assets on a regular basis. The regulations provide for three categories of classified loans - substandard, doubtful and loss. The regulations also contain a special mention category. Special mention is defined as loans that do not currently expose an insured institution to a sufficient degree of risk to warrant classification but do possess credit deficiencies or potential weaknesses deserving management's close attention. Assets classified as substandard or doubtful require the institution to establish general allowances for loan losses. If an asset or portion thereof is classified as loss, the insured institution must either establish specified allowances for loan losses in the amount of 100% of the portion of the asset classified loss, or charge off such amount. At March 31, 2004, on the basis of management's review of the loan portfolio, the Company had \$38.0 million of assets classified special mention, \$27.1 million classified as substandard, \$1.2 million classified as doubtful and \$0 classified as loss as compared to \$41.9 million, \$27.7 million, \$869,000 and \$0 at December 31, 2003.

Allowance estimates are developed by management in consultation with regulatory authorities, taking into account actual loss experience, and are adjusted for current economic conditions. Allowance estimates are considered a prudent measurement of the risk in the Company's loan portfolio and are applied to individual loans based on loan type. 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 following table summarizes the loan loss reserve and nonperforming assets at March 31, 2004 and March 31, 2003.

	March 31, 2004	March 31, 2003
	(in thousands)	
<b>ALLOWANCE FOR LOAN LOSSES:</b>		
Beginning balance, January 1	\$ 10,234	\$ 9,533
Provision for loan losses, year-to-date	252	667
Loans charged-off, year-to-date	(100)	(494)
Recoveries, year-to-date	91	36
Ending balance	<u>\$ 10,477</u>	<u>\$ 9,742</u>
<b>NONPERFORMING ASSETS:</b>		
Nonaccrual loans	\$ 997	\$ 5,208
Loans past due over 90 days and accruing	3,211	3,386
Other real estate	277	109
Repossessions	39	62
Total nonperforming assets	<u>\$ 4,524</u>	<u>\$ 8,765</u>

Total impaired loans increased by \$429,000 to \$3.5 million at March 31, 2004 from \$3.0 million at December 31, 2003. The increase in the impaired loans category resulted primarily from the addition of one commercial credit and one mortgage loan to the impaired category. The impaired loan total includes \$626,000 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 \$80.4 million, or 8.7%, to \$1.007 billion at March 31, 2004 from \$926.4 million at December 31, 2003. The increase resulted from increases of \$107.3 million in certificates of deposit, \$12.2 million in demand deposits, \$11.3 million in Investors' Money Market accounts and \$5.1 million in savings accounts. Offsetting these increases were declines of \$40.0 million in NOW accounts, and \$15.5 million in money market accounts.

Total short-term borrowings decreased by \$70.0 million, or 37.9%, to \$114.8 million at March 31, 2004 from \$184.8 million at December 31, 2003. The decrease resulted from declines of \$45.0 million in other borrowings, primarily short-term advances from the Federal Home Loan Bank of Indianapolis, \$16.1 million in securities sold under agreements to repurchase and \$8.0 million in federal funds purchased.

Total stockholders' equity increased by \$4.2 million, or 4.6%, to \$94.2 million at March 31, 2004 from \$90.0 million at December 31, 2003. Net income of \$3.5 million, less dividends of \$1.2 million, plus the increase in the accumulated other comprehensive income of \$1.5 million, plus \$444,000 for stock issued through options exercised and stock options expense, minus \$82,000 for the cost of treasury stock purchased, comprised most of this increase.

The Federal Deposit Insurance Corporation's 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 March 31, 2004, the Company's Tier 1 leverage capital ratio, Tier 1 risk based capital ratio and total risk based capital ratio were 9.2%, 12.0% and 13.0%, 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 2003. 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 March 31, 2004, the Company's potential pretax exposure was within the Company's policy limit, and not significantly different from December 31, 2003.

#### ITEM 4 - CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of March 31, 2004. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls.

#### FORWARD-LOOKING STATEMENTS

This document 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:

- o 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.
- o 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 threats and attacks.

- o The effects of, and changes in, federal, state and local laws, regulations and policies affecting banking, securities, insurance and monetary and financial matters.
- o 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.
- o 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.
- o The inability of the Company to obtain new customers and to retain existing customers.
- o The timely development and acceptance of products and services, including products and services offered through alternative delivery channels such as the Internet.
- o 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.
- o The ability of the Company to develop and maintain secure and reliable electronic systems.
- o 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.
- o Consumer spending and saving habits, which may change in a manner that affects the Company's business adversely.
- o Business combinations and the integration of acquired businesses, which may be more difficult or expensive than expected.
- o The costs, effects and outcomes of existing or future litigation.
- o Changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board.

- o 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

March 31, 2004

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 and Use of Proceeds

The following table provides information as of March 31, 2004 with respect to shares of Common Stock repurchased by the Company during the quarter then ended:

Issuer Purchases of Equity Securities(a)

Period	Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs
January 1-31	1,968	\$ 36.42	0	0
February 1-29	0	\$ 0	0	0
March 1-31	0	\$ 0	0	0
Total	1,968	\$ 36.42		

(a) The shares purchased during the periods were credited to the deferred share accounts of seven non-employee directors under the Company's directors' deferred compensation plan.

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

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a. Exhibits

- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports

A report on Form 8-K was filed on April 15, 2004 under Item 12 which reported the Company's first quarter financial information in the form of a press release.

A report on Form 8-K was filed on January 15, 2004 under Item 12 which reported the Company's financial information for the fiscal year ended December 31, 2003 in the form of a press release.

LAKELAND FINANCIAL CORPORATION

FORM 10-Q

March 31, 2004

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: May 3, 2004           /s/Michael L. Kubacki  
Michael L. Kubacki - President and Chief  
Executive Officer

Date: May 3, 2004           /s/David M. Findlay  
David M. Findlay - Executive Vice President  
and Chief Financial Officer

Date: May 3, 2004           /s/Teresa A. Bartman  
Teresa A. Bartman - Vice President and  
Controller



I, Michael L. Kubacki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lakeland Financial Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

/s/Michael L. Kubacki  
 Michael L. Kubacki  
 President and Chief Executive Officer

I, David M. Findlay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lakeland Financial Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

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

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 March 31, 2004 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/Michael L. Kubacki

Michael L. Kubacki  
Chief Executive Officer  
May 3, 2004

A signed original of this written statement required by Section 906 has been provided to Lakeland Financial Corporation and will be retained by Lakeland Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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 March 31, 2004 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  
May 3, 2004

A signed original of this written statement required by Section 906 has been provided to Lakeland Financial Corporation and will be retained by Lakeland Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.