

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report July 15, 2003
(Date of earliest event reported)

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

Indiana
(State or other jurisdiction of incorporation)

0-11487 35-1559596
(Commission File Number) (I.R.S. Employer Identification Number)

202 East Center Street, P.O. Box 1387, Warsaw, Indiana 46581-1387
(Address of principal executive offices) (Zip Code)

(574) 267-6144
(Registrant's telephone number, including area code)

Item 5. Other Information

On July 15, 2003, the Registrant issued a press release regarding its earnings for the six-month and three-month periods ended June 30, 2003. The press release is attached hereto as Exhibit 99.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired.

None.

(b) Pro Forma Financial Information.

None.

(c) Exhibits.

99.1 Press Release dated July 15, 2003

SIGNATURES

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

LAKELAND FINANCIAL CORPORATION

Dated: July 15, 2003

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

LAKELAND FINANCIAL CORPORATION

FOR IMMEDIATE RELEASE

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

RECORD INCOME REPORTED
FOR LAKELAND FINANCIAL

Quarterly Dividend of \$0.19 Per Share Announced

Warsaw, Indiana (July 15, 2003) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported record quarterly net income of \$3.7 million for the second quarter of 2003, an increase of 22.5% versus \$3.1 million for the comparable period in 2002. Diluted net income per common share for the quarter was \$0.63 versus \$0.51 for the comparable period in 2002. Net income for the six months ended June 30, 2003 was a record \$7.3 million versus \$6.0 million for the comparable period in 2002, an increase of 20.8%. Diluted net income per share for the six months ended June 30, 2003 was \$1.22 per share versus \$1.01 per share in 2002.

The Company also announced that the Board of Directors approved a cash dividend for the second quarter of \$0.19 per share, payable on July 25, 2003 to shareholders of record on July 10, 2003. The quarterly dividend represents a 12% increase over the quarterly dividend of \$0.17 paid in 2002.

In addition, the Company announced the R. Douglas Grant had retired as Chairman of the Board and that Eddie Creighton had retired from the Board. Michael L. Kubacki, President and Chief Executive Officer, commented, "Doug and Eddie played important roles in building the Bank to where it is today. Eddie served the Board for 33 years, and Doug led the organization as Chief Executive Officer from 1980 through 1998. They contributed to the establishment of our solid position in Northern Indiana and helped create the foundation for our continued growth and success." Mr. Kubacki succeeds Mr. Grant as the new Chairman of the Board.

Kubacki further commented on the performance, "Despite the many challenges for our industry created by a generally weak economy and unprecedented low interest rates, the Lake City Bank team is pleased to report strong results for the first six months of 2003. Outstanding growth in noninterest income, in conjunction with good overall expense control, has contributed to a good first half of the year. With an efficiency ratio lowered to 59.6% for the first six months of the year versus 62.5% for the comparable period in 2002, we continue to improve this key measure of performance."

Kubacki continued, "Noninterest income for the first six months increased to \$9.3 million versus \$6.9 million in the comparable period in 2002, driven by mortgage sales gains of \$2.3 million, an increase of \$1.6 million versus the comparable period in 2002. With mortgage rates remaining at historical lows during much of the year, the unmatched volume of mortgage originations continued during the second quarter. With the recent interest rate cut by the Federal Reserve Bank, we do not anticipate that mortgage rates will change significantly during the third quarter. Nonetheless, we do not anticipate that this level of mortgage sales gains will continue throughout the balance of the year, as we believe the mortgage cycle simply cannot maintain this level of activity. Also adding to the strong increase in noninterest income was a \$708,000 increase in other income, which grew from \$1.7 million for the first six months of 2002 to \$2.5 million for the comparable period in 2003 as a result of the implementation of an insurance investment program, income due to a reduction in the valuation allowance related to accounting for mortgage servicing rights and increased service fees.

"Net interest income after the provision for loan losses increased by only 1.5% from \$19.6 million in the first six months of 2002 to \$19.9 million for the comparable period in 2003. Net interest income continued to be negatively impacted by a decline in the net interest margin from 4.14% in the first six months of 2002 to 3.92% in the comparable period of 2003. Net interest margin pressure remains one of our greatest challenges in this unparalleled low interest rate environment. While we are pleased that the net interest margin of 3.89% for the second quarter of 2003 remained stable when compared to 3.93% in the first quarter, we expect margin pressures to continue due to the recent rate cuts by the Federal Reserve Bank, the overall lower asset yields and the generally lower interest rate environment," added Kubacki.

Average loans for the six months ended June 30, 2003 were \$838.1 million versus \$753.2 million during the comparable period in 2002. Total loans as of June 30, 2003 were \$839.4 million versus \$826.9 million as of March 31, 2003. Lakeland Financial's allowance for loan losses as of June 30, 2003 was \$9.8 million, or 1.17% of gross loans, compared to \$8.9 million, or 1.16% of gross loans, as of June 30, 2002 and \$9.7 million, or 1.18% of gross loans as of March 31, 2003. Non-performing assets totaled \$8.2 million as of June 30, 2003 versus \$6.5 million on June 30, 2002 and \$8.8 million as of March 31, 2003. On a linked quarter basis, total nonperforming assets declined by approximately \$600,000 from the first quarter of 2003 to the second quarter. The ratio of non-performing assets to loans was 0.98% on June 30, 2003 compared to 0.84% on June 30, 2002 and 1.06% at March 31, 2003.

Kubacki commented, "During the first six months of 2003, average loans increased by 8.7% to \$838.1 million versus \$770.9 million for all of 2002. Average loans during the second quarter of 2003 were \$846.5 million versus \$829.6 million in the first quarter of 2003, an increase of 1.9%. Clearly,

loan growth has slowed during the second quarter as our region continued to experience economic uncertainty. Net charge offs totaled \$673,000 in the quarter versus \$172,000 in the second quarter of 2002 and \$458,000 during the first quarter of 2003. Year-to-date, net charge offs totaled \$1.1 million versus \$311,000 during the comparable period on 2002. For the six months ended June 30, 2003, net charge offs were 0.27% of average loans on an annualized basis. "

For the six months ended June 30, 2003, Lakeland Financial's average equity to average assets ratio was 7.07% versus 6.82% for the comparable period in 2002 and 7.07% for the first quarter of 2003. Average stockholders' equity for the first six months of 2003 was \$86.5 million versus \$76.4 million for the comparable period in 2002. Average total deposits for the six months ended June 30, 2003 were \$951.2 million versus \$834.6 million for the comparable period in 2002.

Lakeland Financial Corporation is a \$1.2 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank serves Northern Indiana with 41 branches located in the following Indiana counties: Kosciusko, Elkhart, Allen, St. Joseph, DeKalb, Fulton, Huntington, LaGrange, Marshall, Noble, Pulaski and Whitley. A 42nd office is currently under construction in Warsaw and is expected to open in late 2003.

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 Stifel Nicolaus & Company, Howe Barnes Investments, Inc., Raymond James & Associates, Inc., McDonald Investments, Inc., First Tennessee Capital Markets and Trident Securities.

The Company's fixed rate cumulative trust preferred securities are traded on the Nasdaq Stock Market under the symbols "LKFPN". The annual rate on the fixed rate securities is 9.0%.

This document (including information incorporated by reference) contains, and future oral and written statements of the Company and its management may contain, forward-looking statements within the meaning of 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 September 11th; (iii) changes in state and federal laws, regulations and governmental policies concerning the Company's general business; (iv) changes in interest rates and prepayment rates of the Company's assets; (v) increased competition in the financial services sector and the inability to attract new customers; (vi) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vii) the loss of key executives or employees; (viii) changes in consumer spending; (ix) unexpected results of acquisitions; (x) unexpected outcomes of existing or new litigation involving the Company; and (xi) changes in accounting policies and practices. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

LAKELAND FINANCIAL CORPORATION
SECOND QUARTER 2003 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	3 Months Ended		6 Months Ended	
	June 30		June 30	
	2003	2002	2003	2002
	-----	-----	-----	-----
END OF PERIOD BALANCES				
Assets	\$ 1,239,573	\$ 1,190,119	\$ 1,239,573	\$ 1,190,119
Deposits	966,244	843,162	966,244	843,162
Loans	839,355	764,212	839,355	764,212
Allowance for Loan Losses	9,786	8,884	9,786	8,884
Common Stockholders' Equity	87,543	79,954	87,543	79,954
AVERAGE BALANCES				
Assets				

Total Assets	\$ 1,236,266	\$ 1,136,964	\$ 1,223,639	\$ 1,121,623
Earning Assets	1,136,951	1,050,187	1,125,294	1,038,148
Investments	269,945	273,989	272,560	273,857
Loans	846,479	760,742	838,109	753,211
Liabilities and Stockholders' Equity				
Total Deposits	968,082	851,665	951,174	834,604
Interest Bearing Deposits	796,956	704,633	786,999	691,520
Interest Bearing Liabilities	967,525	898,171	961,244	890,349
Common Stockholders' Equity	87,379	77,680	86,489	76,443
INCOME STATEMENT DATA				
Net Interest Income	\$ 10,751	\$ 10,665	\$ 21,309	\$ 20,886
Net Interest Income-Fully Tax Equivalent	11,020	10,875	21,813	21,307
Provision for Loan Loss	717	747	1,384	1,249
Noninterest Income	4,925	3,560	9,297	6,905
Noninterest Expense	9,261	8,799	18,225	17,368
Net Income	3,749	3,060	7,264	6,013
PER SHARE DATA				
Basic Net Income Per Common Share	\$ 0.64	\$ 0.53	\$ 1.25	\$ 1.03
Diluted Net Income Per Common Share	0.63	0.51	1.22	1.01
Cash Dividends Per Common Share	0.19	0.17	0.38	0.34
Book Value Per Common Share (equity per share issued)	15.05	13.75	15.05	13.75
Market Value - High	31.22	28.84	31.22	28.84
Market Value - Low	24.40	20.10	23.00	17.26
Basic Weighted Average Common Shares Outstanding	5,819,448	5,813,984	5,815,386	5,813,984
Diluted Weighted Average Common Shares Outstanding	5,977,598	5,973,772	5,960,399	5,941,108
KEY RATIOS				
Return on Average Assets	1.22%	1.08%	1.20%	1.08%
Return on Average Common Stockholders' Equity	17.21	15.80	16.94	15.84
Efficiency (Noninterest Expense / Gross Interest Income plus Noninterest Income)	59.08	61.86	59.55	62.50
Average Equity to Average Assets	7.07	6.83	7.07	6.82
Net Interest Margin	3.89	4.15	3.92	4.14
Net Charge Offs to Average Loans	0.32	0.09	0.27	0.08
Loan Loss Reserve to Loans	1.17	1.16	1.17	1.16
Nonperforming Assets to Loans	0.98	0.84	0.98	0.84
Tier 1 Leverage	8.18	8.11	8.18	8.11
Tier 1 Risk-Based Capital	10.61	10.43	10.61	10.43
Total Capital	11.65	11.46	11.65	11.46
ASSET QUALITY				
Loans Past Due 90 Days or More	\$ 3,085	\$ 3,576	\$ 3,085	\$ 3,576
Non-accrual Loans	3,548	1,400	3,548	1,400
Net Charge Offs	673	172	1,131	311
Other Real Estate Owned	1,530	1,435	1,530	1,435
Other Nonperforming Assets	26	41	26	41
Total Nonperforming Assets	8,189	6,452	8,189	6,452

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
As of June 30, 2003 and December 31, 2002
(in thousands)

	June 30, 2003	December 31, 2002
	-----	-----
	(Unaudited)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 56,412	\$ 74,149
Short-term investments	7,184	13,000
	-----	-----
Total cash and cash equivalents	63,596	87,149
Securities available-for-sale:		
U. S. Treasury and government agency securities	14,164	17,284
Mortgage-backed securities	211,228	222,036
State and municipal securities	45,928	34,785
	-----	-----
Total securities available-for-sale	271,320	274,105
Real estate mortgages held-for-sale	11,230	10,395
Loans:		
Total loans	839,355	822,676
Less: Allowance for loan losses	9,786	9,533
	-----	-----
Net loans	829,569	813,143
Land, premises and equipment, net	26,286	24,768
Accrued income receivable	4,943	4,999
Goodwill	4,970	4,970
Other intangible assets	968	1,042
Other assets	26,691	27,215
	-----	-----
Total assets	\$ 1,239,573	\$ 1,247,786
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	\$ 183,436	\$ 192,787
Interest bearing deposits	782,808	720,538
	-----	-----
Total deposits	966,244	913,325
Short-term borrowings:		
Federal funds purchased	17,000	30,000
Securities sold under agreements to repurchase	98,736	124,968
U.S. Treasury demand notes	1,848	4,000
Other borrowings	10,000	26,000
	-----	-----
Total short-term borrowings	127,584	184,968
Accrued expenses payable	7,430	12,503
Other liabilities	1,367	2,417
Long-term borrowings	30,047	31,348
Guaranteed preferred beneficial interests in Company's subordinated debentures	19,358	19,345
	-----	-----
Total liabilities	1,152,030	1,163,906
STOCKHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,817,459 shares issued and 5,773,731 outstanding as of June 30 2003, and 5,813,984 shares issued and 5,767,010 outstanding at December 31, 2002	1,453	1,453
Additional paid-in capital	9,671	8,537
Retained earnings	75,873	70,819
Accumulated other comprehensive income	1,373	3,937
Treasury stock, at cost	(827)	(866)
	-----	-----
Total stockholders' equity	87,543	83,880
	-----	-----
Total liabilities and stockholders' equity	\$ 1,239,573	\$ 1,247,786
	=====	=====

LAKELAND FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Six Months Ended June 30, 2003 and 2002
(in thousands except for share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
INTEREST AND DIVIDEND INCOME				
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Interest and fees on loans: Taxable	\$ 12,077	\$ 12,315	\$ 23,910	\$ 24,651
Tax exempt	66	34	129	67
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Total loan income	12,143	12,349	24,039	24,718
Short-term investments	58	64	85	92
Securities:				
U.S. Treasury and government agency securities	145	342	315	737
Mortgage-backed securities	2,694	3,039	5,626	5,797
State and municipal securities	497	400	925	800
Other debt securities	0	87	0	202
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Total interest and dividend income	15,537	16,281	30,990	32,346
INTEREST EXPENSE				
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Interest on deposits	3,702	4,226	7,488	8,578
Interest on short-term borrowings	313	635	653	1,555
Interest on long-term debt	771	755	1,540	1,327
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Total interest expense	4,786	5,616	9,681	11,460
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NET INTEREST INCOME	10,751	10,665	21,309	20,886
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Provision for loan losses	717	747	1,384	1,249
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,034	9,918	19,925	19,637
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NONINTEREST INCOME				
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Trust and brokerage fees	565	641	1,175	1,299
Service charges on deposit accounts	1,736	1,739	3,400	3,137
Other income (net)	1,431	814	2,450	1,742
Net gains on the sale of real estate mortgages held-for-sale	1,193	350	2,272	711
Net securities gains	0	16	0	16
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Total noninterest income	4,925	3,560	9,297	6,905
NONINTEREST EXPENSE				
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Salaries and employee benefits	5,008	4,536	9,713	9,134
Occupancy and equipment expense	1,218	1,082	2,580	2,181
Other expense	3,035	3,181	5,932	6,053
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Total noninterest expense	9,261	8,799	18,225	17,368
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INCOME BEFORE INCOME TAX EXPENSE	5,698	4,679	10,997	9,174
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Income tax expense	1,949	1,619	3,733	3,161
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NET INCOME	\$ 3,749	\$ 3,060	\$ 7,264	\$ 6,013
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BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,819,448	5,813,984	5,815,386	5,813,984
BASIC EARNINGS PER COMMON SHARE	\$ 0.65	\$ 0.53	\$ 1.25	\$ 1.04
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DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,977,598	5,973,772	5,960,399	5,941,108
DILUTED EARNINGS PER COMMON SHARE	\$ 0.63	\$ 0.51	\$ 1.22	\$ 1.01
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