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

FORM 10-Q

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from ____________ to _____________

Commission File Number 0-11487

LAKELAND FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA	35-1559596
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES [x] NO [ ]

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

Class	Outstanding at July 31, 2002
Common Stock, No Par Value	5,769,537

LAKELAND FINANCIAL CORPORATION

Form 10-Q Quarterly Report

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

	June 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS Cash and cash equivalents:		
Cash and due from banks	$ 97,903	$ 70,219
Short-term investments	6,605	8,904
Total cash and cash equivalents	104,508	79,123
Securities available-for-sale:		
U. S. Treasury and government agency securities	17,021	19,440
Mortgage-backed securities	222,344	216,654
State and municipal securities	32,646	29,663
Other debt securities	5,877	5,882
Total securities available-for-sale (carried at fair value)	277,888	271,639
Real estate mortgages held-for-sale	1,193	8,493
Loans:		
Total loans	764,212	738,223
Less: Allowance for loan losses	8,884	7,946
Net loans	755,328	730,277
Land, premises and equipment, net	24,348	24,252
Accrued income receivable	5,308	5,441
Intangible assets	5,860	6,161
Other assets	15,459	12,326
Total assets	$ 1,189,892	$ 1,137,712

(Continued)

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

	June 30, 2002 (Unaudited)	December 31, 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest bearing deposits	$ 159,705	$ 169,549
Interest bearing deposits	683,457	623,831
Total deposits	843,162	793,380
Short-term borrowings:		
Federal funds purchased	36,600	49,000
U.S. Treasury demand notes	4,000	4,000
Securities sold under agreements to repurchase	121,715	149,117
Other borrowings	40,000	30,000
Total short-term borrowings	202,315	232,117
Accrued expenses payable	11,317	6,131
Other liabilities	2,578	1,843
Long-term borrowings	31,369	11,389
Guaranteed preferred beneficial interests in Company's subordinated debentures	19,331	19,318
Total liabilities	1,110,072	1,064,178
SHAREHOLDERS' EQUITY		
Common stock: No par value, 90,000,000 shares authorized, 5,813,984 shares issued and 5,771,837 outstanding as of June 30, 2002, and 5,813,984 shares issued and 5,775,632 outstanding at December 31, 2001	1,453	1,453
Additional paid-in capital	8,537	8,537
Retained earnings	66,294	62,378
Accumulated other comprehensive income	4,272	1,835
Treasury stock, at cost	(736)	(669)
Total shareholders' equity	79,820	73,534
Total liabilities and shareholders' equity	$ 1,189,892	$ 1,137,712

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

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

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans: Taxable	$ 12,315	$ 15,028	$ 24,651	$ 30,642
Tax exempt	34	34	67	67
Total loan income	12,349	15,062	24,718	30,709
Short-term investments	64	34	92	276
Securities:				
U.S. Treasury and government agency securities	342	693	737	1,426
Mortgage-backed securities	3,039	3,228	5,797	6,544
State and municipal securities	400	444	800	889
Other debt securities	87	114	202	229
Total interest and dividend income	16,281	19,575	32,346	40,073
INTEREST EXPENSE				
Interest on deposits	4,226	8,051	8,578	17,366
Interest on short-term borrowings	635	1,945	1,555	3,936
Interest on long-term debt	755	611	1,327	1,221
Total interest expense	5,616	10,607	11,460	22,523
NET INTEREST INCOME	10,665	8,968	20,886	17,550
Provision for loan losses	747	307	1,249	520
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,918	8,661	19,637	17,030
NONINTEREST INCOME				
Trust and brokerage fees	641	629	1,299	1,423
Service charges on deposit accounts	1,659	1,344	2,981	2,452
Other income (net)	894	946	1,898	1,787
Net gains on the sale of real estate mortgages held-for-sale	350	317	711	444
Net securities gains (losses)	16	2	16	2
Total noninterest income	3,560	3,238	6,905	6,108
NONINTEREST EXPENSE				
Salaries and employee benefits	4,536	4,374	9,134	8,586
Occupancy and equipment expense	1,082	1,241	2,181	2,510
Other expense	3,294	2,833	6,280	5,588
Total noninterest expense	8,912	8,448	17,595	16,684

(Continued)

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

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
INCOME BEFORE INCOME TAX EXPENSE	4,566	3,451	8,947	6,454
Income tax expense	1,573	1,080	3,069	1,954
NET INCOME	$ 2,993	$ 2,371	$ 5,878	$ 4,500
Other comprehensive income, net of tax: Unrealized gain/(loss) on available-for-sale securities	2,195	(89)	2,437	1,905
TOTAL COMPREHENSIVE INCOME	$ 5,188	$ 2,282	$ 8,315	$ 6,405
AVERAGE COMMON SHARES OUTSTANDING FOR BASIC EPS	5,813,984	5,813,984	5,813,984	5,813,984
BASIC EARNINGS PER COMMON SHARE	$ 0.51	$ 0.41	$ 1.01	$ 0.78
AVERAGE COMMON SHARES OUTSTANDING FOR DILUTED EPS	5,973,772	5,829,464	5,941,108	5,829,587
DILUTED EARNINGS PER COMMON SHARE	$ 0.50	$ 0.41	$ 0.99	$ 0.78

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

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

(Unaudited)

	2002	2001
Cash flows from operating activities:		
Net income	$ 5,878	$ 4,500
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	1,108	1,182
Provision for loan losses	1,249	520
Amortization of intangible assets	314	447
Amortization of mortgage servicing rights	170	135
Impairment of mortgage servicing rights	203	296
Loans originated for sale	(35,928)	(26,541)
Net gain on sale of loans	(711)	(444)
Proceeds from sale of loans	43,650	25,819
Net loss on sale of premises and equipment	16	11
Net gain on sale of securities available-for-sale	(16)	(2)
Net securities amortization	932	501
Decrease in taxes payable	(147)	(376)
Decrease in income receivable	133	632
Increase (decrease) in accrued expenses payable	149	(298)
(Increase) decrease in other assets	595	(917)
Increase in other liabilities	735	322
Total adjustments	12,452	1,287
Net cash from operating activities	18,330	5,787
Cash flows from investing activities:		
Proceeds from maturities, sales and calls of securities available-for-sale	34,754	24,741
Purchases of securities available-for-sale	(38,110)	(20,887)
Net increase in total loans	(26,300)	(25,595)
Proceeds from sales of land, premises and equipment	6	0
Purchases of land, premises and equipment	(1,226)	(952)
Net cash from investing activities	(30,876)	(22,693)

(Continued)

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

(Unaudited)

(Page 2 of 2)

	2002	2001
Cash flows from financing activities:		
Net increase (decrease) in total deposits	$ 49,782	$ (24,363)
Proceeds from short-term borrowings	14,979,710	15,285,721
Payments on short-term borrowings	(15,009,512)	(15,254,129)
Proceeds from long-term borrowings	20,000	0
Payments on long-term borrowings	(20)	(22)
Dividends paid	(1,962)	(1,619)
Purchase of treasury stock	(67)	(60)
Net cash from financing activities	37,931	5,528
Net increase (decrease) in cash and cash equivalents	25,385	(11,378)
Cash and cash equivalents at beginning of the period	79,123	88,993
Cash and cash equivalents at end of the period	$ 104,508	$ 77,615
Cash paid during the period for:		
Interest	$ 11,753	$ 22,148
Income taxes	$ 3,399	$ 2,330
Loans transferred to other real estate	$ 0	$ 1,473

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

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

(Unaudited)

NOTE 1. BASIS OF PRESENTATION

This report is filed for Lakeland Financial Corporation (the "Company") and its wholly owned subsidiaries, Lake City Bank (the "Bank") and Lakeland Capital Trust ("Lakeland Trust"). All significant inter-company balances and transactions have been eliminated in consolidation. Also included is the Bank's wholly-owned subsidiary, LCB Investments Limited ("LCB Investments").

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation have been included. Operating results for the three-month and six-month periods ending June 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. The 2001 Lakeland Financial Corporation Annual Report on Form 10-K should be read in conjunction with these statements.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2002, the Company adopted a new accounting standard which addresses accounting for goodwill and intangible assets arising from business combinations. Identifiable intangible assets must be separated from goodwill. Identifiable intangible assets with finite useful lives are amortized under the new standard, whereas unidentified intangible assets resulting from business combinations, both amounts previously recorded and future amounts purchased, cease being amortized. Annual impairment testing is required for goodwill with impairment being recorded if the carrying amount of goodwill exceeds its implied fair value. Adoption of this standard on January 1, 2002 did not have a material effect on the Company's financial statements.

Intangible assets subject to amortization are as follows:

	As of June 30, 2002	
	Gross Carrying Amount	Accumulated Amortization
	(in thousands)	
Core deposit intangible	$ 2,032	$ 915
Other unidentified intangible	6,812	2,069
Total	$ 8,844	$ 2,984

Amortization expense for the three-month and six-month periods ended June 30, 2002 was $151,000 and $301,000, respectively. Estimated amortization expense for the next five years is:

For year ended 12/31/02	$603,000
For year ended 12/31/03	$584,000
For year ended 12/31/04	$568,000
For year ended 12/31/05	$554,000
For year ended 12/31/06	$541,000

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards (SFAS) No. 143 and No. 144. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 144 supersedes SFAS No. 121 and the accounting and reporting provisions of APB Opinion No. 30. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale at the lower of its carrying amount or its fair value less costs to sell and to cease depreciation/amortization. For the Company, the provisions of SFAS No. 144 were effective January 1, 2002. The provisions of SFAS No. 143 will be effective January 1, 2003. Implementation of SFAF No. 144 did not have a material impact on the Company's financial statements, and SFAS No. 143 is not anticipated to have a material impact on the Company's financial statements.

The FASB has also recently issued Statement of Financial Accounting Standards (SFAS) No. 145 and No. 146. SFAS No. 145 applies for years beginning after May 14, 2002 and may be adopted sooner. SFAS No. 145 covers

extinguishments of debt and leases, and includes some minor technical corrections. Under previous accounting guidance, gains or losses from extinguishments of debt were always treated as extraordinary items. Under SFAS No. 145 they will no longer be considered extraordinary, except under very limited conditions. Upon adoption of SFAS No. 145, any prior gains and losses from extinguishments of debt must be reclassified as ordinary gains and losses. Under SFAS No. 145, if a capital lease is modified to become an operating lease, it will be accounted for as a sale-leaseback, by following the accounting guidance of SFAS No. 98, instead of being accounted for as a new lease. SFAS No. 146 covers accounting for costs associated with exit or long-lived asset disposal activities, such as restructurings, consolidation or closing of facilities, lease termination costs or employee relocation or severance costs. SFAS No. 146 replaces Emerging Issues Task Force (EITF) 94-3, and is to be applied prospectively to exit or disposal activities initiated after December 31, 2002, and may be adopted sooner. A company may not restate its previously issued financial statements. SFAS No. 146 requires exit or long-lived asset disposal costs to be recognized as an expense when the liability is incurred and can be measured at fair value, rather than at the date of making a commitment to an exit or disposal plan. Management does not expect the effects of the future adoptions of SFAS No. 145 and SFAS No. 146 to be material to the Company's consolidated financial position or results of operations.

NOTE 3. EARNINGS PER SHARE

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

The common shares outstanding for the shareholders' equity section of the consolidated balance sheet at June 30, 2002 reflects the acquisition of 42,147 shares of Company common stock to offset a liability for a directors' deferred compensation plan. These shares are treated as outstanding when computing the weighted-average common shares outstanding for the calculation of both basic and diluted earnings per share.

For the three-month periods ended June 30, 2002 and 2001, stock options for 511,803 shares and 250,625 shares were considered dilutive for purposes of computing diluted earnings per share. For the six-month periods ended June 30, 2002 and 2001, stock options for 400,526 and 250,625 were considered dilutive for purposes of computing diluted earnings per share.

NOTE 4. LOANS

	June 30, 2002	December 31, 2001
	(in thousands)	
Commercial and industrial loans	$ 505,524	$ 478,288
Agri-business and agricultural loans	64,261	58,901
Real estate mortgage loans	41,837	44,898
Real estate construction loans	1,022	2,354
Installment loans and credit cards	151,568	153,782
Total loans	$ 764,212	$ 738,223
Impaired loans	$ 11,944	$ 10,008
Non-performing loans	$ 4,976	$ 2,498

NOTE 5. RECLASSIFICATIONS

Certain amounts appearing in the financial statements and notes thereto for prior periods have been reclassified to conform with the current presentation. The reclassification had no effect on net income or stockholders' equity as previously reported.

Part 1
LAKELAND FINANCIAL CORPORATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
and
RESULTS OF OPERATION

June 30, 2002

OVERVIEW

Lakeland Financial Corporation is the holding company for Lake City Bank. The Company is headquartered in Warsaw, Indiana and operates 40 offices in 11 counties in northern Indiana. The Company earned $5.9 million for the first six months of 2002 versus $4.5 million in the same period of 2001, an increase of 30.6%. The increase was driven by a $3.3 million increase in net interest income and a $797,000 increase in non-interest income. Offsetting these positive impacts was an increase of $729,000 in the provision for loan losses. Basic earnings per share for the first six months of 2002 was $1.01 per share, versus $0.78 per share for the first six months of 2001. Diluted earnings per share reflect the potential dilutive impact of stock options granted under an employee stock option plan. Diluted earnings per share for the first six months of 2002 was $0.99 per share, versus $0.78 per share for the first six months of 2001.

Net income for the second quarter of 2002 was $3.0 million, an increase of 26.2% versus $2.4 million for the comparable period of 2001. Basic earnings per share for the second quarter of 2002 was $0.51 per share, versus $0.41 per share for the second quarter of 2001. Diluted earnings per share for the second quarter of 2002 was $0.50 per share, versus $0.41 per share for the second quarter of 2001.

RESULTS OF OPERATIONS

Net Interest Income

For the six-month period ended June 30, 2002, net interest income totaled $20.9 million, an increase of 19.0%, or $3.3 million versus the first six months of 2001. For the three-month period ended June 30, 2002, net interest income totaled $10.7 million, an increase of 18.9%, or $1.7 million, over the same period of 2001. Net interest income increased in both the six and three month periods of 2002 versus the comparable periods of 2001, primarily due to the implementation of a liability pricing strategy which has resulted in an improved net interest margin. Although rates have stabilized somewhat during 2002, the Company continues to see improvement in its net interest margin as term deposits and other borrowed funds reprice to lower rates at maturity. In addition, average interest bearing assets and average non-interest bearing demand deposits increased in both the six and three month periods ending June 30, 2002. The effect of these changes was to increase the

Company's net interest margin to 4.15% and 4.16%, respectively, for the six and three month periods ended June 30, 2002, versus 3.54% and 3.59% for the comparable periods of 2001.

During the first six months of 2002, total interest and dividend income decreased by $7.7 million, or 19.3% to $32.3 million, versus $40.1 million during the same six months of 2001. During the second quarter of 2002, interest and dividend income decreased $3.3 million, or 16.8%, to $16.3 million, versus $19.6 million during the same quarter of 2001. Daily average earning assets for the first six months of 2002 increased 1.1% to $1.036 billion versus the same period in 2001. For the second quarter, daily average earning assets increased 2.3% to $1.049 billion versus the same period in 2001. The tax equivalent yield on average earning assets decreased by 160 basis points to 6.3% for the six-month period ended June 30, 2002 versus the same period of 2001. For the three-month period ended June 30, 2002, the yield decreased by 143 basis points to 6.2% from the yield for the three-month period ended June 30, 2001.

The decrease in the yield on average earning assets reflected decreases in the yields on both loans and securities caused by the falling interest rate environment. The yield on securities is historically lower than the yield on loans, and decreasing the ratio of securities to total earning assets will normally improve the yield on earning assets. The ratio of average daily securities to average earning assets for the six-month and three-month periods ended June 30, 2002 were 26.1% and 26.4% compared to 28.7% and 28.8% for the same periods of 2001.

The average daily loan balances for the first six months of 2002 increased 4.3% to $751.5 million, over the average daily loan balances of $720.8 million for the same period of 2001. During the same period, loan interest income declined by $6.0 million, or 19.5%, to $24.7 million. The decrease was the result of a 198 basis point decrease in the tax equivalent yield on loans to 6.5% from 8.5% in the first six months of 2001. The average daily loan balances for the second quarter of 2002 increased $32.4 million, or 4.5%, to $759.5 million, versus $727.1 million for the same period of 2001. During the same period, loan interest income declined by $2.7 million, or 18.0%, to $12.4 million versus $15.1 million during the second quarter of 2001. The decrease was the result of a 178 basis point decrease in the tax equivalent yield on loans, to 6.4%, versus 8.2% in the second quarter of 2001.

Income from short-term investments was $92,000 for the six-month period and $64,000 for the three-month period ended June 30, 2002. This compares to $276,000 and $34,000 for the same periods of 2001. The $184,000 decrease between the six-month periods was primarily the result of a 386 basis point decrease in yields. The $30,000 increase between the three-month periods resulted primarily from a $12.3 million increase in the average daily short-term investments balances.

The average daily securities balances for the first six months of 2002 decreased $20.8 million, or 7.1%, to $273.9 million, versus $294.6 million for the same period of 2001. During the same periods, income from securities declined by $1.6 million, or 17.1%, to $7.5 million versus $9.1 million during the first six months of 2001. The decrease was the result of the decrease in average daily balances of securities combined with a 64 basis point decline in the tax equivalent yields on securities, to 5.8% versus 6.5% in the first six months of 2001. The average daily securities balances for the second quarter of 2002 decreased $20.9 million, or 7.1%, to $274.0 million, versus $294.9 million for the same period of 2001. During the same periods, income from securities declined by $611,000, or 13.6%, to $3.9 million versus $4.5 million during the second quarter of 2001. The decrease was the result of a 40 basis point decrease in the tax equivalent yield on securities, to 6.0%, versus 6.4% in the second quarter of 2001, combined with the decline in average daily securities balances.

Total interest expense decreased $11.1 million, or 49.1%, to $11.5 million for the six-month period ended June 30, 2002, from $22.5 million for the comparable period in 2001. The decrease was primarily the result of a 214 basis point decrease in the Company's daily cost of funds to 2.23%, versus 4.37% for the same period of 2001. Total interest expense decreased $5.0 million or 47.1% to $5.6 million for the three-month period ended June 30, 2002, from $10.6 million for the comparable period of 2001. The decrease was primarily the result of a 195 basis point decrease in the Company's daily cost of funds to 2.15%, versus 4.10% for the same period of 2001. On an average daily basis, total deposits (including demand deposits) decreased $5.0 million, or 0.6%, to $835.4 million for the six-month period ended June 30, 2002, versus $840.4 million in the same period in 2001. The decrease was primarily due to the Company's September, 2001 branch divestiture, which included $70.3 million in deposits. The average daily deposit balances for the second quarter of 2002 increased $24.0 million, or 2.9%, to $852.9 million versus $828.9 million during the second quarter of 2001, despite the impact resulting from the branch sale. On an average daily basis, noninterest bearing demand deposits increased $10.0 million, or 7.5% and $9.5 million, or 6.9% for the six and three-month periods ended June 30, 2002, versus the same periods in 2001. When comparing the six months ended June 30, 2002 with the same period of 2001, the average daily balance of time deposits, which pay a higher rate of interest compared to demand deposit and transaction accounts, decreased $16.5 million and the rate paid on such accounts declined by 276 basis points versus the same period in 2001. In the second quarter of 2002, the average daily balance of time deposits increased by $10.7 million and the rate paid on such accounts decreased by 267 basis points. During the remainder of 2002, management plans to continue efforts to grow relationship type accounts such as demand deposit and Investors' Weekly accounts, which pay a lower rate of interest compared to time deposit accounts and are generally viewed by management as stable and reliable funding sources. Average daily balances of borrowings increased $1.3 million, or 0.7%, to $199.5 million for the six months ended June 30, 2002 versus $198.2 million for the same period

in 2001, and decreased $15.2 million, or 7.2% for the three months ended June 30, 2002. The rate on borrowings decreased 234 basis points and 203 basis points, respectively, when comparing the six and three month periods of 2002 with the same periods of 2001. On an average daily basis, total deposits (including demand deposits) and purchased funds decreased 0.4% and increased by 0.8% for the six-month and three-month periods ended June 30, 2002 versus the same periods in 2001.

Provision for Loan Losses

Based on management's review of the adequacy of the allowance for loan losses, provisions for losses on loans of $1.2 million and $747,000 were recorded during the six month and three month periods ended June 30, 2002, versus provisions of $520,000 and $307,000 recorded during the same periods of 2001. The increase in the provision reflected a number of factors, including the increase in the size of the loan portfolio, the amount of impaired loans, the amount of past due accruing loans (90 days or more), and management's overall view on current credit quality.

Noninterest Income

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

	Six Months ended June 30,		
	2002	2001	Percent Change
	(in thousands)		
Trust and brokerage fees	$ 1,299	$ 1,423	(8.7)%
Service charges on deposits	2,981	2,452	21.6
Other income (net)	1,898	1,787	6.2
Net gains on the sale of real estate mortgages held-for-sale	711	444	60.1
Net securities gains	16	2	700.0
Total noninterest income	$ 6,905	$ 6,108	13.1 %

	Three Months ended June 30,		
	2002	2001	Percent Change
	(in thousands)		
Trust and brokerage fees	$ 641	$ 629	1.9 %
Service charges on deposits	1,659	1,344	23.4
Other income (net)	894	946	(5.5)
Net gains on the sale of real estate mortgages held-for-sale	350	317	10.4
Net securities gains	16	2	700.0
Total noninterest income	$ 3,560	$ 3,238	9.9 %

Trust fees increased 24.4%, from $803,000 to $999,000, in the first six months of 2002 versus the same period in 2001. This increase was primarily in employee benefit plan, executorship, living trust and testamentary trust fees. Brokerage fees decreased 51.6%, from $620,000 to $300,000, in the first six months of 2002 versus the same period in 2001, driven by nonrecurring fees received in 2001 of approximately $156,000 related to the sale of several annuity accounts, and reduced trading volume during 2002.

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

Other income consists of normal recurring fee income such as mortgage service fees, credit card fees, insurance fees, and safe deposit box rent, as well as other income that management classifies as non-recurring. Other fee income increased $111,000 in the first six months of 2002 versus the same period in 2001, and decreased $52,000 in the second quarter versus the same period in 2001. The increase in the six-month period was primarily due to a $151,000 increase in credit card fees driven by increases in fees paid to the Company by merchants for handling credit card sales. The primary driver behind the second quarter decrease was a $226,000 charge for non-cash impairment of the Bank's mortgage servicing rights.

The increase in profits from the sale of mortgages reflected an increase in the volume of mortgages sold during the first six months of 2002 versus sales during the first six months of 2001. During the first six months of 2002, the Company sold $43.2 million in mortgages versus $25.4 million in the comparable period of 2001. This increase in volume was the result of the

falling interest rate environment during 2001, the effects of which, in the form of increased mortgage refinance activity and increased demand for home mortgages, have carried over to 2002.

Noninterest Expense

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

	Six Months ended June 30,		
	2002	2001	Percent Change
	(in thousands)		
Salaries and employee benefits	$ 9,134	$ 8,586	6.4 %
Occupancy and equipment expense	2,181	2,510	(13.1)
Other expense	6,280	5,588	12.4
Total noninterest expense	$ 17,595	$ 16,684	5.5 %

	Three Months ended June 30,		
	2002	2001	Percent Change
	(in thousands)		
Salaries and employee benefits	$ 4,536	$ 4,374	3.7 %
Occupancy and equipment expense	1,082	1,241	(12.8)
Other expense	3,294	2,833	16.3
Total noninterest expense	$ 8,912	$ 8,448	5.5 %

The increase in salaries and employee benefits reflected normal salary increases and increases related to the employee 401(k) plan and incentive compensation plan. Total employees decreased to 472 at June 30, 2002, from 496 at June 30, 2001. This decrease resulted primarily from the reduction in staff in connection with the sale of five non-strategic bank branches in September, 2001.

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

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

Income Tax Expense

Income tax expense increased $1.1 million, or 57.1%, for the first six months of 2002, compared to the same period in 2001. Income tax expense for the second quarter of 2002 increased $493,000, or 45.7%, compared to the second quarter of 2001. The combined state franchise tax expense and the federal income tax expense as a percentage of income before income tax expense increased to 34.3% during the first six months of 2002 compared to 30.3% during the same period in 2001. It increased to 34.5% for the second quarter of 2002, versus 31.3% for the second quarter of 2001. The increases were primarily due to greater profitability which resulted in a higher percentage of income being subject to the state franchise tax combined with the Company being taxed at the 35% federal tax rate in 2002 versus the 34% rate in 2001.

FINANCIAL CONDITION

Total assets of the Company were $1.190 billion as of June 30, 2002, an increase of $52.2 million, or 4.6%, when compared to $1.138 billion as of December 31, 2001.

Total cash and cash equivalents increased by $25.4 million, or 32.1%, to $104.5 million at June 30, 2002 from $79.1 million at December 31, 2001. The increase was attributable to corresponding increases in interest bearing deposits and long-term borrowings, offset by declines in short-term borrowings, primarily federal funds purchased and securities sold under agreements to repurchase.

Total securities available-for-sale increased by $6.3 million, or 2.3%, to $277.9 million at June 30, 2002 from $271.6 million at December 31, 2001. The increase was a result of a number of transactions in the securities portfolio. Paydowns of $28.3 million were received, and the amortization of premiums, net of the accretion of discounts, was $932 thousand. Maturities and calls of securities totaled $6.4 million. These portfolio decreases were offset by securities purchases totaling $38.1 million, and an increase of $3.8 million in the fair value of the securities. The investment portfolio is managed to limit the Company's exposure to risk by containing mostly CMO's and other securities which are either directly or indirectly backed by the federal government or a local municipal government.

Real estate mortgages held-for-sale decreased by $7.3 million, or 86.0%, to $1.2 million at June 30, 2002 from $8.5 million at December 31, 2001. The balance of this asset category is subject to a high degree of variability depending on, among other things, recent mortgage loan rates and the timing of loan sales into the secondary market. During the six months ended June 30, 2002, $35.9 million in real estate mortgages were originated for sale and $43.2 million in mortgages were sold.

Total loans, excluding real estate mortgages held-for-sale, increased by $26.0 million or 3.5% to $764.2 million at June 30, 2002 from $738.2 million at December 31, 2001. The mix of loan types within the Company's portfolio remained relatively unchanged reflecting 74% commercial, 6% real estate and 20% consumer loans compared to 73% commercial, 6% real estate and 21% consumer loans at December 31, 2001.

The allowance for loan losses increased $938,000, or 11.8%, to $8.9 million at June 30, 2002 from $7.9 million at December 31, 2001. Net charge-offs for the six months ended June 30, were $311,000 in 2002 and $223,000 in 2001. The allowance for loan losses at June 30, 2002 was 1.16% of total loans, net of residential mortgage loans held for sale on the secondary market, versus 1.08% at December 31, 2001.

The Company has a relatively high percentage of commercial and commercial real estate loans, most of which are extended to small or medium-sized businesses. Commercial loans represent higher dollar loans to fewer customers and therefore higher credit risk. Pricing is adjusted to manage the higher credit risk associated with these types of loans. 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 are retained. Management believes the allowance for loan losses is at a level commensurate with the overall risk exposure of the loan portfolio. However, should the economic climate deteriorate further, certain borrowers may experience difficulty and the level of non-performing loans, charge-offs, and delinquencies could rise and require further increases in the provision.

Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance is an amount that management believes will be adequate to absorb probable losses relating to specifically identified loans based on an evaluation as well as other probable losses inherent in the loan portfolio. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to repay. Management also considers trends in adversely classified loans based upon a monthly review of those credits. Since December 31, 2001, the

percentage of loans internally adversely classified has increased. In accordance with FASB Statements 5 and 114, the allowance is provided for losses that have been incurred as of the balance sheet date and is based on past events and current economic conditions, and does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. The majority of the risk in the loan portfolio lies in the commercial loans that include commercial real estate loans. Accordingly, the Company allocated $7.6 million (or approximately 86% of the total loan loss reserve) to these loans, which comprise approximately 74% of the loan portfolio.

At June 30, 2002, total nonperforming loans increased by $2.5 million to $5.0 million from $2.5 million at December 31, 2001. Loans delinquent 90 days or more that were included in the accompanying financial statements as accruing totaled $3.6 million versus $264,000 at December 31, 2001. Total impaired loans increased by $1.9 million to $11.9 million at June 30, 2002 from $10.0 million at December 31, 2001. The increases in the nonperforming loans, loans delinquent 90 days or more and accruing and impaired loans categories resulted primarily from one commercial credit totaling $3.4 million. This loan is current as to principal and interest. However, the renewal of this loan has been complicated as more than one bank is involved, and therefore it is past maturity. The impaired loan total includes $1.3 million in nonaccrual loans. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price of the fair value of the collateral if the loan is collateral dependent. A loan is impaired when it is probable the creditor will be unable to collect all of the contractual principal and interest payments due in accordance with the terms of the loan agreement.

Total deposits increased by $49.8 million, or 6.3%, to $843.2 million at June 30, 2002 from $793.4 million at December 31, 2001. The increase resulted from increases of $58.4 million in certificates of deposit, $5.6 million in savings accounts and $2.1 million in NOW accounts. Offsetting these increases were declines of $9.8 million in demand deposits, $3.9 million in money market accounts and $2.1 million in Investors' Weekly accounts.

Total short-term borrowings decreased by $29.8 million, or 12.8%, to $202.3 million at June 30, 2002 from $232.1 million at December 31, 2001. The decrease resulted primarily from a $27.4 million decline in securities sold under agreements to repurchase combined with a $12.4 million decline in federal funds purchased. Offsetting these declines was a $10 million increase in other borrowings, primarily short-term advances from the Federal Home Loan Bank of Indianapolis.

Total stockholders' equity increased by $6.3 million, or 8.6%, to $79.8 million at June 30, 2002 from $73.5 million at December 31, 2001. Net

income of $5.9 million, less dividends of $2.0 million, plus the increase in the accumulated other comprehensive income of $2.4 million, less $67,000 for the cost of treasury stock acquired, comprised this increase.

The Federal Deposit Insurance Corporation's (FDIC) risk based capital regulations require that all banking organizations maintain an 8.0% total risk based capital ratio. The FDIC has also established definitions of "well capitalized" as a 5.0% Tier I leverage capital ratio, a 6.0% Tier I risk based capital ratio and a 10.0% total risk based capital ratio. All of the Company's ratios continue to be above "well capitalized" levels. As of June 30, 2002, the Company's Tier 1 leverage capital ratio, Tier 1 risk based capital ratio and total risk based capital ratio were 8.1%, 10.4% and 11.5%, respectively.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk represents the Company's primary market risk exposure. The Company does not have a material exposure to foreign currency exchange risk, does not have any material amount of derivative financial instruments and does not maintain a trading portfolio. The board of directors annually reviews and approves the policy used to manage interest rate risk. The policy was last reviewed and approved in May 2002. The policy sets guidelines for balance sheet structure, which are designed to protect the Company from the impact that interest rate changes could have on net income, but does not necessarily indicate the effect on future net interest income. The Company, through its Asset/Liability Committee, manages interest rate risk by monitoring the computer simulated earnings impact of various rate scenarios and general market conditions. The Company then modifies its long-term risk parameters by attempting to generate the type of loans, investments, and deposits that currently fit the Company's needs, as determined by the Asset/Liability Committee. This computer simulation analysis measures the net interest income impact of various interest rate scenario changes during the next 12 months. If the change in net interest income is less than 3% of primary capital, the balance sheet structure is considered to be within acceptable risk levels. At June 30, 2002, the Company's potential pretax exposure was within the Company's policy limit, and not significantly different from December 31, 2001.

FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference) contains, and future oral and written statements of the Company and its management may contain, forward-looking statements, within the meaning of such term in the Private Securities Litigation Reform Act of 1995, with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors, which could have a material adverse effect on the operations and future prospects of the Company and its subsidiaries include, but are not limited to, the following:

- The strength of the United States economy in general and the strength of the local economies in which the Company conducts its operations which may be less favorable than expected and may result in, among other things, a deterioration in the credit quality and value of the Company's assets.

- The economic impact of the terrorist attacks that occurred on September 11th, as well as any future threats and attacks, and the response of the United States to any such threats and attacks.

- The effects of, and changes in, federal, state and local laws, regulations and policies affecting banking, securities, insurance and monetary and financial matters.

- The effects of changes in interest rates (including the effects of changes in the rate of prepayments of the Company's assets) and the policies of the Board of Governors of the Federal Reserve System.

- The ability of the Company to compete with other financial institutions as effectively as the Company currently intends due to increases in competitive pressures in the financial services sector.

- The inability of the Company to obtain new customers and to retain existing customers.

- The timely development and acceptance of products and services, including products and services offered through alternative delivery channels such as the Internet.

- Technological changes implemented by the Company and by other parties, including third party vendors, which may be more difficult or more expensive than anticipated or which may have unforeseen consequences to the Company and its customers.

- The ability of the Company to develop and maintain secure and reliable electronic systems.

- The ability of the Company to retain key executives and employees and the difficulty that the Company may experience in replacing key executives and employees in an effective manner.

- Consumer spending and saving habits, which may change in a manner that affects the Company's business adversely.

- Business combinations and the integration of acquired businesses, which may be more difficult or expensive than expected.

- The costs, effects and outcomes of existing or future litigation.

- Changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies and the Financial Accounting Standards Board.

- The ability of the Company to manage the risks associated with the foregoing as well as anticipated.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including other factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

LAKELAND FINANCIAL CORPORATION

FORM 10-Q

June 30, 2002

Part II - Other Information

Item 1. Legal proceedings

There are no material pending legal proceedings to which the Company or its subsidiaries is a party other than ordinary routine litigation incidental to their respective businesses.

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

On April 9, 2002, the Company's annual meeting of stockholders was held. At the meeting, Crowe, Chizek and Company, LLP was appointed as the Company's independent auditors for the year ended December 31, 2002, and Eddie Creighton, Michael L. Kubacki, Steven D. Ross, M. Scott Welch and George L. White were elected to serve as directors with terms expiring in 2005. Continuing as directors until 2003 are R. Douglas Grant, Jerry L. Helvey, Allan J. Ludwig, D. Jean Northernor and Richard L. Pletcher. Continuing as directors until 2004 are Anna K. Duffin, L. Craig Fulmer, Charles E. Niemier, Donald B. Steininger and Terry L. Tucker.

Election of Directors:

	For	Withheld
Eddie Creighton	4,868,459	903,378
Michael L. Kubacki	4,663,527	1,108,310
Steven D. Ross	4,972,399	799,438
M. Scott Welch	4,972,399	799,438
George L. White	4,962,187	809,650

Ratification of Auditors:

	For	Withheld
Crowe, Chizek & Co., LLP	4,970,219	801,618

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

99.1 - Certificate of Chief Executive Officer
99.2 - Certificate of Chief Financial Officer

b. Reports

None

LAKELAND FINANCIAL CORPORATION

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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: August 12, 2002 /s/Michael L. Kubacki
Michael L. Kubacki - President and Chief Executive Officer

Date: August 12, 2002 /s/David M. Findlay
David M. Findlay - Executive Vice President and Chief Financial Officer

Date: August 12, 2002 /s/Teresa A. Bartman
Teresa A. Bartman - Vice President and Controller

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lakeland Financial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report), I, Michael L. Kubacki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Michael L. Kubacki

Michael L. Kubacki
Chief Executive Officer
August 12, 2002

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lakeland Financial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report), I, David M. Findlay, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/David M. Findlay

David M. Findlay
Chief Financial Officer
August 12, 2002