

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 15, 2005

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

Indiana (State or other jurisdiction of incorporation)	0-11487 (Commission file Number)	35-1559596 (I.R.S. Employer Identification Number)
--	--	--

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

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

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

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

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

Item 2.02. Results of Operations and Financial Condition

On July 15, 2005, Lakeland Financial Corporation issued a press release announcing its earnings for the six-months and three-months ended June 30, 2005. The news release is attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated July 15, 2005

SIGNATURES

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

LAKELAND FINANCIAL CORPORATION

Dated: July 15, 2005

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

FOR IMMEDIATE RELEASE

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

32% INCREASE IN INCOME AT LAKELAND FINANCIAL  
Second Quarter Record Earnings and Cash Dividend Announced

Warsaw, Indiana (July 15, 2005) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported record quarterly net income of \$4.4 million for the second quarter of 2005. Net income increased 32% over the \$3.3 million reported for the second quarter in 2004. Diluted net income per common share for the quarter was \$0.72 versus \$0.55 for the comparable period of 2004. Net income for the six months ended June 30, 2005 was a record \$8.5 million, an increase of 24%, versus \$6.8 million for the six months ended June 30, 2004. Diluted net income per common share was \$1.38 for the six months ended June 30, 2005, versus \$1.13 for the six months ended June 30, 2004.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented, "Lake City Bank's performance in the first half of the year generated the most profitable quarter in our long history. Outstanding loan growth, an improving net interest margin and continued sound expense management all combined to produce these gratifying results."

Kubacki continued, "Since the end of 2004, total loans have grown by more than 9%, further establishing our reputation as the bank for business in Northern Indiana. In addition, with \$72 million of loan growth during the second quarter, we experienced the single largest quarterly loan growth in our Company's history. Our system-wide commercial lending expertise has contributed to excellent growth across all markets."

Kubacki added, "With ongoing penetration in all business lines, Lake City Bank is well positioned to continue to expand in every region we serve. We are making particularly strong progress in the important Fort Wayne market, where we believe we have positioned ourselves as an aggressive, yet thoughtful lender that is firmly committed to the Fort Wayne community."

The Company also announced that the Board of Directors approved a cash dividend for the second quarter of \$0.23 per share, payable on July 25, 2005 to shareholders of record on July 10, 2005. The quarterly dividend represents a 10% increase over the quarterly dividend of \$0.21 paid in 2004.

Average total loans for the second quarter of 2005 were \$1.061 billion versus \$1.010 billion during the first quarter of 2005, a linked-quarter increase of 5%. Total loans as of June 30, 2005 were \$1.094 billion, an increase of \$71.9 million, versus \$1.022 billion as of March 31, 2005. Total loans as of June 30, 2004 were \$930 million.

Lakeland Financial's allowance for loan losses as of June 30, 2005 was \$11.7 million, compared to \$11.1 million as of March 31, 2005 and \$10.6 million as of June 30, 2004. Non-performing assets totaled \$9.2 million as of June 30, 2005 versus \$9.8 million as of March 31, 2005 and \$4.7 million on June 30, 2004. The ratio of non-performing assets to loans was 0.84% on June 30, 2005 compared to 0.96% at March 31, 2005 and 0.51% at June 30, 2004. Net charge offs totaled \$54,000 in the second quarter of 2005 versus \$96,000 during the first quarter of 2005 and \$80,000 in the second quarter of 2004.

For the three months ended June 30, 2005, Lakeland Financial's average equity to average assets ratio was 7.27% compared to 7.32% for the first quarter of 2005 and 7.10% for the second quarter of 2004. Average stockholders' equity for the quarter ended June 30, 2005 was \$106.6 million versus \$103.6 million for the first quarter of 2005 and \$93.8 million for the second quarter of 2004. Average total deposits were \$1.130 billion for the second quarter of 2005 versus \$1.110 billion for the first quarter of 2005 and \$1.017 billion for the second quarter of 2004.

Lakeland Financial Corporation is a \$1.5 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank serves Northern Indiana with 43 branches located in the following Indiana counties: Kosciusko, Elkhart, Allen, St. Joseph, DeKalb, Fulton, Huntington, LaGrange, Marshall, Noble, Pulaski and Whitley.

Lakeland Financial Corporation may be accessed on its home page at [www.lakecitybank.com](http://www.lakecitybank.com). The Company's common stock is traded on the Nasdaq Stock Market under "LKFN". Market makers in Lakeland Financial Corporation common shares include Citigroup Global Market Holdings, Inc., FTN Financial Securities Corp., Hill, Thompson, Magid & Co., Howe Barnes Investments, Inc., Keefe, Bruyette & Woods, Inc., Knight Equity Markets, L.P., Lehman Brothers Inc., Morgan Stanley & Co., Inc., Schwab Capital Markets, Stifel Nicolaus & Company, Inc., Goldman Sachs & Co., UBS Securities, LLC, and Susquehanna Capital Group.

This document contains, and future oral and written statements of the Company and its management may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate,"

"plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements. These factors include, among others, the following: (i) the strength of the local and national economy; (ii) the economic impact of past and any future terrorist attacks, acts of war or threats thereof and the response of the United States to any such attacks and threats; (iii) changes in state and federal laws, regulations and governmental policies concerning the Company's general business; (iv) changes in interest rates and prepayment rates of the Company's assets; (v) increased competition in the financial services sector and the inability to attract new customers; (vi) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (vii) the loss of key executives or employees; (viii) changes in consumer spending; (ix) unexpected results of acquisitions; (x) unexpected outcomes of existing or new litigation involving the Company; and (xi) changes in accounting policies and practices. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

LAKELAND FINANCIAL CORPORATION  
SECOND QUARTER 2005 FINANCIAL HIGHLIGHTS  
(Unaudited - Dollars in thousands except Share and Per Share Data)

	Three Months Ended			Six Months Ended	
	Jun. 30, 2005	Mar. 31, 2005	Jun. 30, 2004	Jun. 30, 2005	Jun. 30, 2004
<b>END OF PERIOD BALANCES</b>					
Assets	\$ 1,538,615	\$ 1,426,032	\$ 1,338,100	\$ 1,538,615	\$ 1,338,100
Deposits	1,125,872	1,132,546	1,022,335	1,125,872	1,022,335
Loans	1,094,048	1,022,184	929,565	1,094,048	929,565
Allowance for Loan Losses	11,724	11,115	10,643	11,724	10,643
Common Stockholders' Equity	108,456	103,271	92,930	108,456	92,930
<b>AVERAGE BALANCES</b>					
Assets					
Total Assets	\$ 1,466,900	\$ 1,416,307	\$ 1,323,015	\$ 1,441,743	\$ 1,302,961
Earning Assets	1,354,199	1,305,117	1,212,945	1,329,794	1,194,936
Investments	286,638	285,971	280,159	286,307	281,106
Loans	1,061,289	1,009,607	924,817	1,035,591	904,254
Liabilities and Stockholders' Equity					
Total Deposits	1,129,776	1,109,551	1,016,951	1,119,719	992,837
Interest Bearing Deposits	906,288	893,265	808,726	899,812	795,274
Interest Bearing Liabilities	1,127,307	1,086,741	1,013,015	1,107,136	1,004,122
Common Stockholders' Equity	106,600	103,625	93,808	105,121	93,126
<b>INCOME STATEMENT DATA</b>					
Net Interest Income	\$ 12,504	\$ 11,851	\$ 10,379	\$ 24,355	\$ 20,714
Net Interest Income-Fully Tax Equivalent	12,804	12,154	10,390	24,955	21,372
Provision for Loan Losses	662	458	246	1,120	498
Noninterest Income	4,218	4,119	4,045	8,337	8,078
Noninterest Expense	9,298	9,363	9,195	18,661	18,103
Net Income	4,404	4,055	3,344	8,459	6,846
<b>PER SHARE DATA</b>					
Basic Net Income Per Common Share	\$ 0.74	\$ 0.68	\$ 0.57	\$ 1.42	\$ 1.17
Diluted Net Income Per Common Share	0.72	0.66	0.55	1.38	1.13
Cash Dividends Per Common Share	0.23	0.23	0.21	0.46	0.42
Book Value Per Common Share (equity per share issued)	18.17	17.35	15.82	18.17	15.82
Market Value - High	40.75	41.38	34.49	41.38	38.05
Market Value - Low	35.00	37.11	28.31	35.00	28.31
Basic Weighted Average Common Shares Outstanding	5,953,831	5,936,370	5,859,474	5,945,149	5,851,210
Diluted Weighted Average Common Shares Outstanding	6,129,603	6,132,482	6,048,256	6,130,937	6,050,297
<b>KEY RATIOS</b>					
Return on Average Assets	1.20 %	1.16 %	1.02 %	1.18 %	1.06 %
Return on Average Common Stockholders' Equity	16.57	15.87	14.34	16.23	14.78
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	55.60	58.63	65.19	57.08	62.88
Average Equity to Average Assets	7.27	7.32	7.10	7.29	7.16
Net Interest Margin	3.78	3.77	3.45	3.78	3.60
Net Charge Offs to Average Loans	0.02	0.04	0.04	0.03	0.02
Loan Loss Reserve to Loans	1.07	1.09	1.14	1.07	1.14
Nonperforming Assets to Loans	0.84	0.96	0.51	0.84	0.51
Tier 1 Leverage	9.19	9.17	9.14	9.19	9.14
Tier 1 Risk-Based Capital	11.02	11.55	11.60	11.02	11.60
Total Capital	11.99	12.54	12.63	11.99	12.63
<b>ASSET QUALITY</b>					
Loans Past Due 90 Days or More	\$ 2,542	\$ 2,809	\$ 2,855	\$ 2,542	\$ 2,855

Non-accrual Loans	6,665	6,876	1,575	6,665	1,575
Net Charge Offs	54	96	80	150	89
Other Real Estate Owned	0	91	277	0	277
Other Nonperforming Assets	15	6	30	15	30
Total Nonperforming Assets	9,221	9,782	4,737	9,221	4,737

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
As of June 30, 2005 and December 31, 2004  
(in thousands)

	June 30, 2005	December 31, 2004
	-----	-----
	(Unaudited)	
<b>ASSETS</b>		
Cash and due from banks	\$ 87,862	\$ 81,144
Short-term investments	5,079	22,714
	-----	-----
Total cash and cash equivalents	92,941	103,858
Securities available-for-sale (carried at fair value)	289,557	286,582
Real estate mortgages held-for-sale	4,269	2,991
Loans:		
Total loans	1,094,048	1,003,219
Less: Allowance for loan losses	11,724	10,754
	-----	-----
Net loans	1,082,324	992,465
Land, premises and equipment, net	25,091	25,057
Bank owned life insurance	17,328	16,896
Accrued income receivable	6,403	5,765
Goodwill	4,970	4,970
Other intangible assets	1,140	1,245
Other assets	14,592	13,293
	-----	-----
Total assets	\$ 1,538,615	\$ 1,453,122
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Noninterest bearing deposits	\$ 232,413	\$ 237,261
Interest bearing deposits	893,459	878,138
	-----	-----
Total deposits	1,125,872	1,115,399
Short-term borrowings:		
Federal funds purchased	69,500	20,000
Securities sold under agreements to repurchase	92,589	88,057
U.S. Treasury demand notes	2,077	2,593
Other borrowings	89,900	75,000
	-----	-----
Total short-term borrowings	254,066	185,650
Accrued expenses payable	7,311	7,445
Other liabilities	1,936	1,889
Long-term borrowings	10,046	10,046
Subordinated debentures	30,928	30,928
	-----	-----
Total liabilities	1,430,159	1,351,357
<b>STOCKHOLDERS' EQUITY</b>		
Common stock: No par value, 90,000,000 shares authorized, 5,968,204 shares issued and 5,931,568 outstanding as of March 31 2005, and 5,915,854 shares issued and 5,881,283 outstanding at December 31, 2004	1,453	1,453
Additional paid-in capital	13,754	12,463
Retained earnings	95,586	89,864
Accumulated other comprehensive income/(loss)	(1,508)	(1,267)
Treasury stock, at cost	(829)	(748)
	-----	-----
Total stockholders' equity	108,456	101,765
	-----	-----
Total liabilities and stockholders' equity	\$ 1,538,615	\$ 1,453,122
	=====	=====

LAKELAND FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
For the Three Months and Six Months Ended June 30, 2005 and 2004  
(in thousands except for share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>NET INTEREST INCOME</b>				
-----				
Interest and fees on loans:				
Taxable	\$ 16,154	\$ 11,688	\$ 30,667	\$ 23,131
Tax exempt	40	71	85	139
Interest and dividends on securities:				
Taxable	2,364	1,868	4,636	4,047
Tax exempt	587	588	1,174	1,172
Short-term investments	45	21	101	49
	-----	-----	-----	-----
Total interest and dividend income	19,190	14,236	36,663	28,538
Interest on deposits	5,082	3,101	9,530	6,132
Interest on short-term borrowings	1,063	352	1,743	698
Interest on long-term borrowings	541	404	1,035	994
	-----	-----	-----	-----
Total interest expense	6,686	3,857	12,308	7,824
	-----	-----	-----	-----
NET INTEREST INCOME	12,504	10,379	24,355	20,714
-----				
Provision for loan losses	662	246	1,120	498
	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,842	10,133	23,235	20,216
-----				
<b>NONINTEREST INCOME</b>				
-----				
Trust and brokerage fees	791	780	1,519	1,519
Service charges on deposit accounts	1,703	1,697	3,252	3,354
Loan, insurance and service fees	478	470	893	957
Merchant card fee income	629	581	1,165	1,081
Other income	410	544	1,057	874
Net gains on sale of real estate mortgages held for sale	207	(27)	451	293
	-----	-----	-----	-----
Total noninterest income	4,218	4,045	8,337	8,078
<b>NONINTEREST EXPENSE</b>				
-----				
Salaries and employee benefits	5,027	4,859	10,173	9,784
Net occupancy expense	675	590	1,331	1,168
Equipment costs	491	524	1,008	963
Data processing fees and supplies	571	650	1,129	1,245
Credit card interchange	388	343	716	633
Other expense	2,146	2,229	4,304	4,310
	-----	-----	-----	-----
Total noninterest expense	9,298	9,195	18,661	18,103
	-----	-----	-----	-----
INCOME BEFORE INCOME TAX EXPENSE	6,762	4,983	12,911	10,191
-----				
Income tax expense	2,358	1,639	4,452	3,345
	-----	-----	-----	-----
NET INCOME	\$ 4,404	\$ 3,344	\$ 8,459	\$ 6,846
-----				
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,953,831	5,859,474	5,945,149	5,851,210
BASIC EARNINGS PER COMMON SHARE	\$ 0.74	\$ 0.57	\$ 1.42	\$ 1.17
-----				
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,129,603	6,048,256	6,130,937	6,050,297
DILUTED EARNINGS PER COMMON SHARE	\$ 0.72	\$ 0.55	\$ 1.38	\$ 1.13
-----				