

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 April 15, 2004
(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 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 April 15, 2004

Item 12. Results of Operations and Financial Condition

On April 15, 2004, Lakeland Financial Corporation issued a press release announcing its earnings for the quarter ended March 31, 2004. The news release is attached as Exhibit 99.1.

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: April 15, 2004

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

FOR IMMEDIATE RELEASE

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

LAKELAND FINANCIAL REPORTS FIRST QUARTER
PERFORMANCE AND CASH DIVIDEND

Warsaw, Indiana (April 15, 2004) - Lakeland Financial Corporation (Nasdaq/LKFN), parent company of Lake City Bank, today reported net income of \$3.5 million for the first quarter of 2004, which is unchanged versus the comparable period of 2003 and represents a 16% increase versus net income of \$3.0 million in the fourth quarter of 2003. Diluted net income per common share for the quarter was \$0.58 versus \$0.59 for the comparable period of 2003 and \$0.50 for the fourth quarter of 2003.

The Company also announced that the Board of Directors approved a cash dividend for the first quarter of \$0.21 per share, payable on April 26, 2004 to shareholders of record on April 10, 2004. The quarterly dividend represents an 11% increase over the quarterly dividend of \$0.19 paid in 2003.

Michael L. Kubacki, Chairman, President and Chief Executive Officer, commented, "We are proud of our performance in the first quarter of 2004. As a result of the challenging interest rate environment that we have been operating in for the past twelve months, our focus has been on growth in key noninterest income categories and prudent expense management. The combination of our balance sheet structure and historically low interest rates has significantly affected our net interest income through a decline in our net interest margin, which was 3.60% versus 3.93% in the first quarter of 2003. As a result, our net interest income after provision for loan losses has increased by only 1% when compared to the same period in 2003 despite good earning asset growth."

Kubacki continued, "We continued to experience good revenue growth in key noninterest income areas during the quarter. Excluding mortgage sales gains, noninterest income grew by 16% versus the comparable period in 2003." Comparing the first quarter of 2004 to the comparable period in 2003, other income increased by 40%, or \$271,000, credit card fees increased 39%, or \$140,000, and trust and brokerage fees increased 21%, or \$129,000. Overall, total noninterest income decreased by \$226,000, driven by a \$759,000 reduction in mortgage sales gains versus the comparable period in 2003.

Kubacki added, "The mortgage environment during the first quarter had a negative impact on earnings as we experienced a dramatic reduction in mortgage sales gains and incurred an impairment of mortgage servicing rights of \$159,000 for the quarter versus \$141,000 in the first quarter of 2003. In the fourth quarter of 2003, we had a benefit of \$117,000 compared to the loss in the first quarter. While we have recently seen some rebound in mortgage origination activity, we do not anticipate that it will have a significant impact in future quarters."

"Recognizing the impact that the low interest rate environment has on our earnings power, we have maintained a tight focus on managing noninterest expenses. As a result, noninterest expense actually decreased by 1% for the quarter versus the comparable period in 2003. Through ongoing leveraging of technology and prudent capital investment, we have been able to achieve this reduction without impacting staffing levels or customer service."

Total loans as of March 31, 2004 were \$884.5 million versus \$870.9 million as of December 31, 2003 and \$826.9 million as of March 31, 2003. Average loans during the first quarter of 2004 were \$883.7 million compared to \$860.3 million in the fourth quarter of 2003, an increase of 3%.

Lakeland Financial's allowance for loan losses as of March 31, 2004 was \$10.5 million, compared to \$10.2 million as of December 31, 2003 and \$9.7 million as of March 31, 2003. Non-performing assets totaled \$4.5 million as of March 31, 2004 versus \$4.3 million as of December 31, 2003 and \$8.8 million on March 31, 2003. The ratio of non-performing assets to loans was 0.51% on March 31, 2004 compared to 0.50% at December 31, 2003 and 1.06% at March 31, 2003. Net charge offs totaled \$9,000 in the first quarter versus \$320,000 during the fourth quarter of 2003 and \$458,000 in the first quarter of 2003. For the quarter ended March 31, 2004, net charge offs were less than 0.01% of average loans compared to 0.23% in the same period in 2003.

Kubacki commented, "We are extremely pleased with the overall quality of our loan portfolio and the resulting low level of charge offs during the quarter. Clearly, there is a direct relationship between our earnings power in this low margin environment and our asset quality. As a result of our moderate level of charge offs and overall asset quality, we have not been required to increase the loan loss allocations significantly, thus reducing our loan loss provision."

For the three months ended March 31, 2004, Lakeland Financial's average equity to average assets ratio was 7.21% compared to 7.06% for the fourth quarter of 2003 and 7.07% for the first quarter of 2003. Average stockholders' equity for the quarter ended March 31, 2004 was \$92.4 million versus \$89.0 million for the fourth quarter of 2003 and \$85.6 million for the comparable period in 2003. Average total deposits for the quarter ended March 31, 2004 were \$968.7 million compared to \$993.3 million for the fourth quarter of 2003 and \$934.1 million for the same period in 2003.

Lakeland Financial Corporation is a \$1.3 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank serves Northern Indiana with 43 branches located in the following Indiana counties: Kosciusko, Elkhart, Allen, St. Joseph, DeKalb, Fulton, Huntington, LaGrange, Marshall, Noble, Pulaski and Whitley.

Lakeland Financial Corporation may be accessed on its home page at www.lakecitybank.com. The Company's common stock is traded on the Nasdaq Stock Market under "LKFN". Marketmakers in Lakeland Financial Corporation common shares include FTN Financial Securities Corp., Goldman, Sachs & Co., Hill, Thompson, Magid & Co., Howe Barnes Investments, Inc., Keefe, Bruyette & Woods, Inc., Knight Equity Securities, L.P., Merrill Lynch & Co., Morgan Stanley & Co., Inc., Sandler O'Neill & Partners, Schwab Capital Markets, Stifel Nicolaus & Company, Inc., Susquehanna Capital Group and Trident Securities.

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

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

LAKELAND FINANCIAL CORPORATION
FIRST QUARTER 2004 FINANCIAL HIGHLIGHTS
(Unaudited - Dollars in thousands except Share and Per Share Data)

	Three Months Ended		
	Mar. 31, 2004	Dec. 31, 2003	Mar. 31, 2003
END OF PERIOD BALANCES			
Assets	\$ 1,285,929	\$ 1,271,414	\$ 1,222,883
Deposits	1,006,811	926,391	961,494
Loans	884,499	870,882	826,865
Allowance for Loan Losses	10,477	10,234	9,742
Common Stockholders' Equity	94,191	90,022	86,067
AVERAGE BALANCES			
Assets			
Total Assets	\$ 1,281,413	\$ 1,260,792	\$ 1,212,142
Earning Assets	1,176,928	1,153,994	1,113,508
Investments	282,053	271,815	275,204
Loans	883,692	860,265	829,647
Liabilities and Stockholders' Equity			
Total Deposits	968,724	993,267	934,078
Interest Bearing Deposits	781,823	805,586	776,931
Interest Bearing Liabilities	993,786	975,773	956,165
Common Stockholders' Equity	92,444	88,973	85,590
INCOME STATEMENT DATA			
Net Interest Income	\$ 10,208	\$ 10,500	\$ 10,551
Net Interest Income-Fully Tax Equivalent	10,534	10,836	10,787
Provision for Loan Losses	252	490	667
Noninterest Income	4,160	4,621	4,386
Noninterest Expense	8,908	10,345	8,971
Net Income	3,502	3,010	3,515
PER SHARE DATA			
Basic Net Income Per Common Share	\$ 0.60	\$ 0.52	\$ 0.60
Diluted Net Income Per Common Share	0.58	0.50	0.59
Cash Dividends Per Common Share	0.21	0.19	0.19

Book Value Per Common Share (equity per share issued)	16.10	15.43	14.80
Market Value - High	38.05	37.47	25.75
Market Value - Low	31.41	33.51	23.21
Basic Weighted Average Common Shares Outstanding	5,842,946	5,829,072	5,813,984
Diluted Weighted Average Common Shares Outstanding	6,052,537	6,046,778	5,957,134

KEY RATIOS			
Return on Average Assets	1.10 %	0.95 %	1.18 %
Return on Average Common Stockholders' Equity	15.24	13.42	16.65
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)	61.98	68.41	60.04
Average Equity to Average Assets	7.21	7.06	7.07
Net Interest Margin	3.60	3.73	3.93
Net Charge Offs to Average Loans	0.00	0.15	0.23
Loan Loss Reserve to Loans	1.18	1.18	1.18
Nonperforming Assets to Loans	0.51	0.50	1.06
Tier 1 Leverage	9.23	9.15	8.12
Tier 1 Risk-Based Capital	11.95	11.78	10.54
Total Capital	13.02	12.83	11.59

ASSET QUALITY			
Loans Past Due 90 Days or More	\$ 3,211	\$ 3,191	\$ 3,386
Non-accrual Loans	997	553	5,208
Net Charge Offs	9	320	458
Other Real Estate Owned	277	557	109
Other Nonperforming Assets	39	27	62
Total Nonperforming Assets	4,524	4,328	8,765

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

	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
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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	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
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
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
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Total liabilities	1,191,738	1,181,392
STOCKHOLDERS' EQUITY		
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 5,787,463 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
	=====	=====

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

	Three Months Ended March 31,	
	2004	2003
INTEREST AND DIVIDEND INCOME		

Interest and fees on loans: Taxable	\$ 11,316	\$ 11,833
Tax exempt	68	63

Total loan income	11,384	11,896
Short-term investments	28	27
Securities:		
U.S. Treasury and government agency securities	157	170
Mortgage-backed securities	2,022	2,932
State and municipal securities	584	428

Total interest and dividend income	14,175	15,453
 INTEREST EXPENSE		

Interest on deposits	3,031	3,786
Interest on short-term borrowings	346	340
Interest on long-term borrowings	590	776

Total interest expense	3,967	4,902

NET INTEREST INCOME	10,208	10,551

Provision for loan losses	252	667

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,956	9,884

NONINTEREST INCOME		

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 sale of real estate mortgages held for sale	320	1,079

Total noninterest income	4,160	4,386
 NONINTEREST EXPENSE		

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

Total noninterest expense	8,908	8,971
 INCOME BEFORE INCOME TAX EXPENSE		
	5,208	5,299

Income tax expense	1,706	1,784

NET INCOME	\$ 3,502	\$ 3,515

BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,842,946	5,813,984
BASIC EARNINGS PER COMMON SHARE	\$ 0.60	\$ 0.60

DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,052,537	5,957,134
DILUTED EARNINGS PER COMMON SHARE	\$ 0.58	\$ 0.59
