

LAKELAND FINANCIAL CORP  
Form 10-Q  
May 07, 2008

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**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**  
(IRS Employer  
Identification No.)

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

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 [ ]

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Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Act). (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

Number of shares of common stock outstanding at April 30, 2008: 12,230,973

LAKELAND FINANCIAL CORPORATION

Form 10-Q Quarterly Report

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**PART 1****LAKELAND FINANCIAL CORPORATION****ITEM 1 FINANCIAL STATEMENTS****LAKELAND FINANCIAL CORPORATION****CONSOLIDATED BALANCE SHEETS**

As of March 31, 2008 and December 31, 2007

(in thousands except for share data)

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	<b>March 31, 2008 (Unaudited)</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 170,651	\$ 56,278
Short-term investments	8,448	11,413
Total cash and cash equivalents	179,099	67,691
Securities available for sale (carried at fair value)	340,602	327,757
Real estate mortgage loans held for sale	974	537
Loans, net of allowance for loan losses of \$16,758 and \$15,801	1,585,658	1,507,919
Land, premises and equipment, net	27,314	27,525
Bank owned life insurance	33,166	21,543
Accrued income receivable	8,750	9,126
Goodwill	4,970	4,970
Other intangible assets	568	619
Other assets	23,894	21,446
Total assets	\$ 2,204,995	\$ 1,989,133

(continued)



## LAKELAND FINANCIAL CORPORATION

## CONSOLIDATED BALANCE SHEETS

As of March 31, 2008 and December 31, 2007

(in thousands except for share data)

(Page 2 of 2)

	March 31, 2008 (Unaudited)	December 31, 2007
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Noninterest bearing deposits	\$ 342,432	\$ 255,348
Interest bearing deposits	1,234,166	1,223,570
Total deposits	1,576,598	1,478,918
Short-term borrowings		
Federal funds purchased	99,500	70,010
Securities sold under agreements to repurchase	164,348	154,913
U.S. Treasury demand notes	1,317	1,242
Other short-term borrowings	163,700	90,000
Total short-term borrowings	428,865	316,165
Accrued expenses payable	16,276	15,497
Other liabilities	1,239	1,311
Long-term borrowings	43	44
Subordinated debentures	30,928	30,928
Total liabilities	2,053,949	1,842,863
<b>STOCKHOLDERS' EQUITY</b>		
Common stock: 180,000,000 shares authorized, no par value		
12,230,973 shares issued and 12,130,676 outstanding as of March 31, 2008	1,453	1,453
12,207,723 shares issued and 12,111,703 outstanding as of December 31, 2007	18,557	18,078
Additional paid-in capital	132,621	129,090
Retained earnings	(158 )	(1,010 )
Accumulated other comprehensive loss	(1,427 )	(1,341 )
Treasury stock, at cost (2008 - 100,297 shares, 2007 - 96,020 shares)	151,046	146,270
Total stockholders' equity	\$ 2,204,995	\$ 1,989,133
Total liabilities and stockholders' equity		

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



## LAKELAND FINANCIAL CORPORATION

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2008 and 2007

(in thousands except for share and per share data)

(Unaudited)

(Page 1 of 2)

	Three Months Ended March 31,	
	2008	2007
<b>NET INTEREST INCOME</b>		
Interest and fees on loans		
Taxable	\$ 25,475	\$ 24,720
Tax exempt	32	50
Interest and dividends on securities		
Taxable	3,380	2,678
Tax exempt	614	602
Interest on short-term investments	91	208
Total interest income	29,592	28,258
Interest on deposits	12,047	13,098
Interest on borrowings		
Short-term	2,424	1,430
Long-term	615	632
Total interest expense	15,086	15,160
<b>NET INTEREST INCOME</b>	<b>14,506</b>	<b>13,098</b>
Provision for loan losses	1,153	641
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>13,353</b>	<b>12,457</b>
<b>NONINTEREST INCOME</b>		
Wealth advisory fees	809	689
Investment brokerage fees	283	243
Service charges on deposit accounts	1,769	1,632
Loan, insurance and service fees	655	581
Merchant card fee income	810	764
Other income	458	493
Net gains on sales of real estate mortgage loans held for sale	315	165
Net securities gains (losses)	28	36
Gain on redemption of Visa shares	642	0
Total noninterest income	5,769	4,603

(continued)





**LAKELAND FINANCIAL CORPORATION**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

**For the Three Months Ended March 31, 2008 and 2007**

**(in thousands except for share and per share data)**

**(Unaudited)**

**(Page 2 of 2)**

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	6,253	5,855
Net occupancy expense	796	674
Equipment costs	441	445
Data processing fees and supplies	840	701
Credit card interchange	535	489
Other expense	2,517	2,106
Total noninterest expense	11,382	10,270
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>7,740</b>	<b>6,790</b>
Income tax expense	2,499	2,032
<b>NET INCOME</b>	<b>\$ 5,241</b>	<b>\$ 4,758</b>

Other comprehensive income, net of tax: