

# Lakeland Financial Corporation

A Proven History of Shareholder Value Creation  
And Commitment to Our Communities

3<sup>rd</sup> Quarter 2021



# David M. Findlay

President & Chief Executive Officer

[david.findlay@lakecitybank.com](mailto:david.findlay@lakecitybank.com)

(574) 267-9197

# Lisa M. O'Neill

Executive Vice President & Chief Financial Officer

[lisa.oneill@lakecitybank.com](mailto:lisa.oneill@lakecitybank.com)

(574) 267-9125

# Forward-Looking Information

This presentation 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. Forward-looking statements are not historical facts and are generally identifiable by the use of words such as “believe”, “expect”, “anticipate”, “estimate”, “could”, and other similar expressions. All statements in this presentation, including forward-looking statements, speak only as of today’s date, 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 and, accordingly, you are cautioned not to place undue reliance on any forward-looking statement. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including, without limitation: (i) the effects of future economic, business and market conditions and changes, (ii) the effects of the COVID-19 pandemic and the responses of federal, state and local governmental authorities, (iii) the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities and other interest sensitive assets and liabilities, (iv) changes in borrowers’ credit risks and payment behaviors, (v) the timing and scope of any legislative and regulatory changes, including changes in tax and banking laws and regulations and their application by the Company’s regulators, (vi) the failure of assumptions and estimates used in the Company’s reviews of its loan portfolio, underlying the establishment of reserves for possible credit losses, the Company’s analysis of its capital position and other estimates; and (vii) the risks noted in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, as well as other risks and uncertainties set forth from time to time in the Company’s other filings with the Securities and Exchange Commission.

# Bank Director's 2021 Scorecard

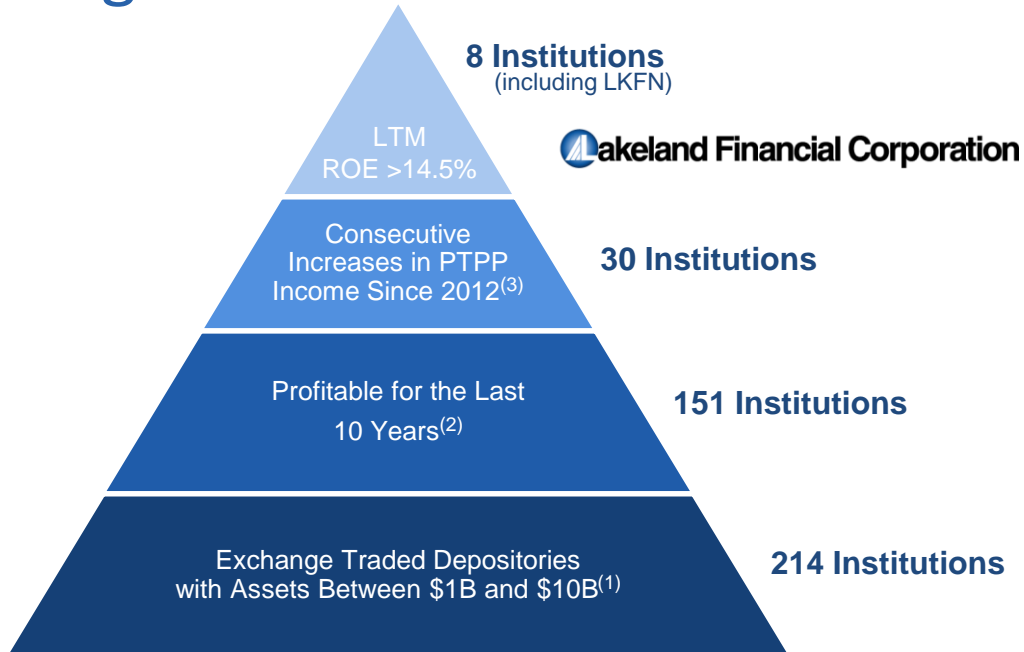
2021  
BANK  
PERFORMANCE  
SCORE  
CARD

## \$5 BILLION UP TO \$50 BILLION

Rank	Company Name	Ticker	State	Total Assets (\$MM)	Profitability				Capital Adequacy			Asset Quality			Final Score
					Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/Tang Assets (%)	TCE Rank	NPAs ex TDRs/Loans & OREO (%)	NPA Rank	NCOs/Avg Loans (%)	NCOs Rank	
1	Lakeland Financial Corp.*	LKFN	IN	5,830	1.54	10	13.39	11	11.19	16	0.26	26	0.09	62	81.0
2	First Financial Bankshares	FFIN	TX	10,905	2.01	4	13.10	13	12.85	7	0.81	107	0.06	45	100.0
3	Great Southern Bancorp*	GSBC	MO	5,526	1.17	38	10.00	36	11.28	15	0.09	4	0.01	20	101.0
4	Glacier Bancorp	GBCI	MT	18,504	1.69	6	12.68	17	9.69	39	0.30	31	0.07	52	103.5
5	National Bank Holdings Corp.	NBHC	CO	6,660	1.44	13	11.59	19	10.68	24	0.55	74	0.06	43	114.5



# Long Term Success for Shareholders



Source: S&P Global Market Intelligence. Financial data is as of June 30, 2021.

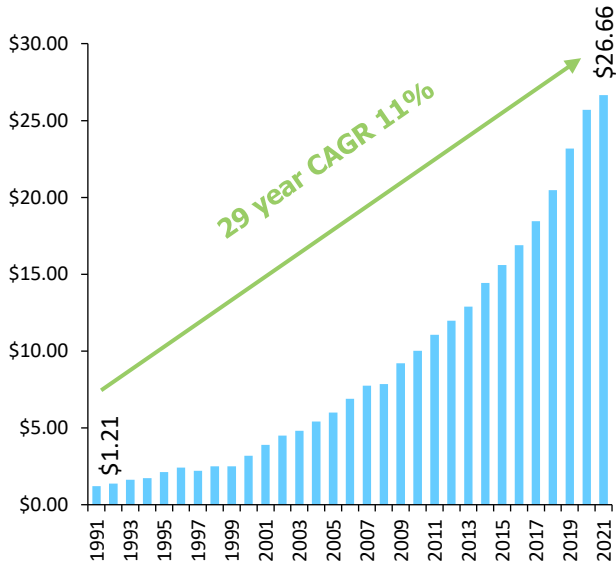
(1) Includes banks and thrifts traded on the NYSE, NYSEAM or NASDAQ as of 10/18/21; excludes merger targets.

(2) Defined as having positive net income before extraordinary items and preferred dividends for each of the last 10 years (calendar years ended December 31, 2011 through December 31, 2020). Net income before extraordinary items is defined by S&P Global Market Intelligence as GAAP net income, after taxes, minority interest, and other after tax items, but before any extraordinary items. Excludes any revaluation of net deferred tax assets due to tax reform per S&P Global Market Intelligence.

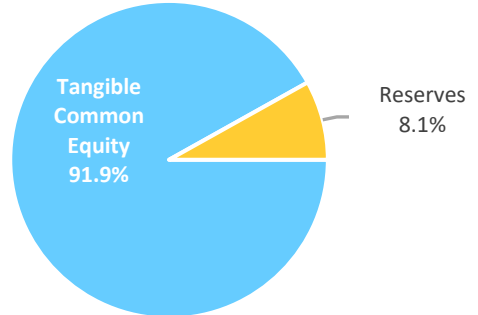
(3) Defined as consecutive increases in pre-tax, pre-provision earnings (excludes nonrecurring revenues and expenses, one-time goodwill impairment charges) for each of the years ending December 31, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020.

# Strong Capital Structure

Tangible Book Value<sup>(1)</sup> Per Share



<sup>(1)</sup>compounded annual growth rate computed from 1991-2020



**Key Ratios and Per Share Data as of September 30, 2021**

TCE/Tangible Assets	10.92%
Total Risk-Based	15.44%
Leverage	10.91%
Book Value	\$26.80
Tangible Book Value	\$26.66

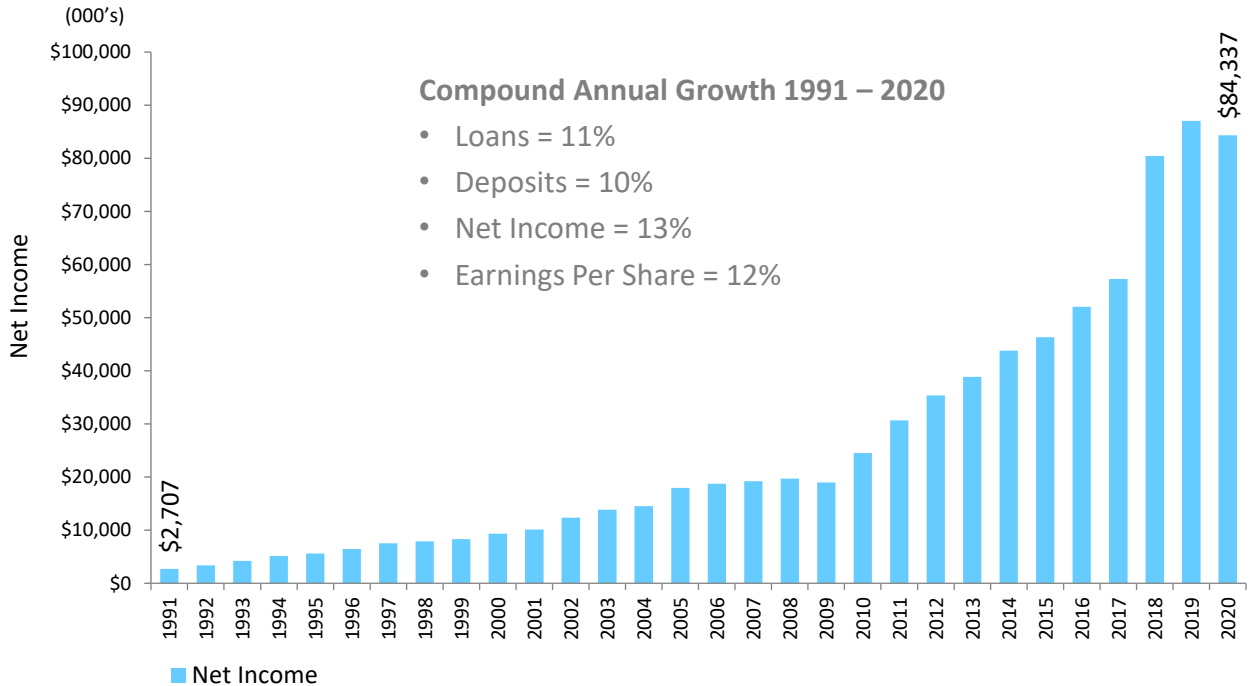
# Lake City Bank Today

- A long-term and consistent organic growth story
- Headquartered in Warsaw, Indiana
- 51 branch offices - \$6.2 billion banking assets - \$3.0 billion trust, retirement and investment brokerage assets
- Focused on execution – “blocking and tackling”
- Continued growth potential



# A Quarter Century of Organic Growth

Record Net Income for 30 of 32 Years





# Established Market Presence

Organic Growth Potential in Mature and Developing Markets

## Lake City Bank Market Growth

### Warsaw – est. 1872

Kosciusko-12  
Noble-3  
Whitley-1  
Marshall-3  
Fulton-2  
Pulaski-1

### Elkhart – est. 1990

Elkhart-10  
LaGrange-2

### South Bend – est. 1997

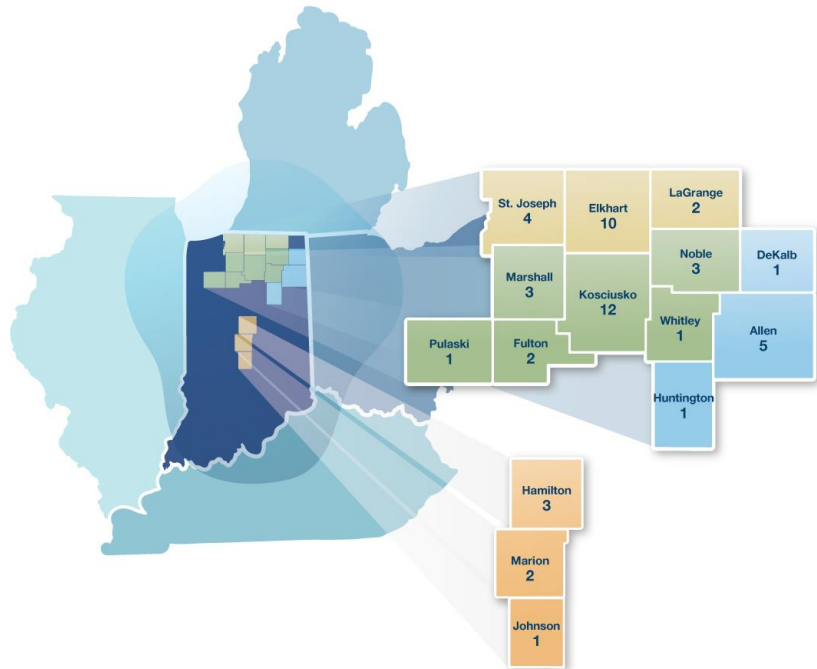
South Bend-4

### Fort Wayne – est. 1999

Allen-5  
DeKalb-1  
Huntington-1

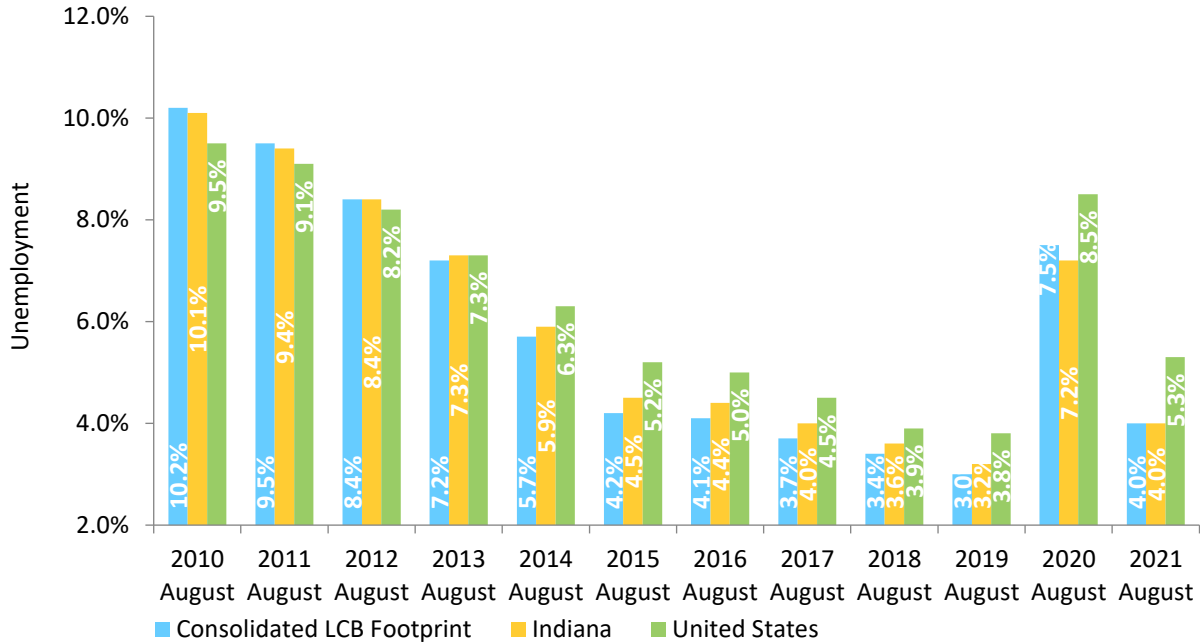
### Indianapolis – est. 2011

Hamilton-3  
Marion-2  
Johnson-1



# Strong Regional and Statewide Economy

## Indiana Employment Trends Versus National Averages



Source: United States Bureau of Labor Statistics. Lake City Bank footprint is defined as Kosciusko, Marshall, Fulton, Pulaski, Noble, Whitley, St. Joseph, Elkhart, LaGrange, Allen, DeKalb, Huntington, Marion, Hamilton and Johnson Counties in Indiana

# Shareholder Value Strategy

1. Commercial Banking Focus
2. High Quality Team Members
3. Proven Organic Growth Experience
4. Focus on Core Deposit Funding
5. Commitment to Technology

## Commercial Banking Focus

# Experienced Relationship Driven Team

- 41 credit “smart” commercial bankers
- Average 23 years in banking & 12 years at Lake City Bank
- We live where we lend
- Face to face calling matters and is a team effort
- We understand our clients needs
- Deep organizational structure provides credit and administrative support
- We cross-sell aggressively by leveraging technology

## Commercial Banking Focus

# Credit Process

- We are in-market lender to in-market clients
- Character matters – we lend to people first
- Our credit discipline has never changed
- We focus on management/cash flow
- We have a centralized committee structure
- Structure is important
- Orientation towards owner occupied and well structured nonowner occupied real estate

# High Quality Team Members

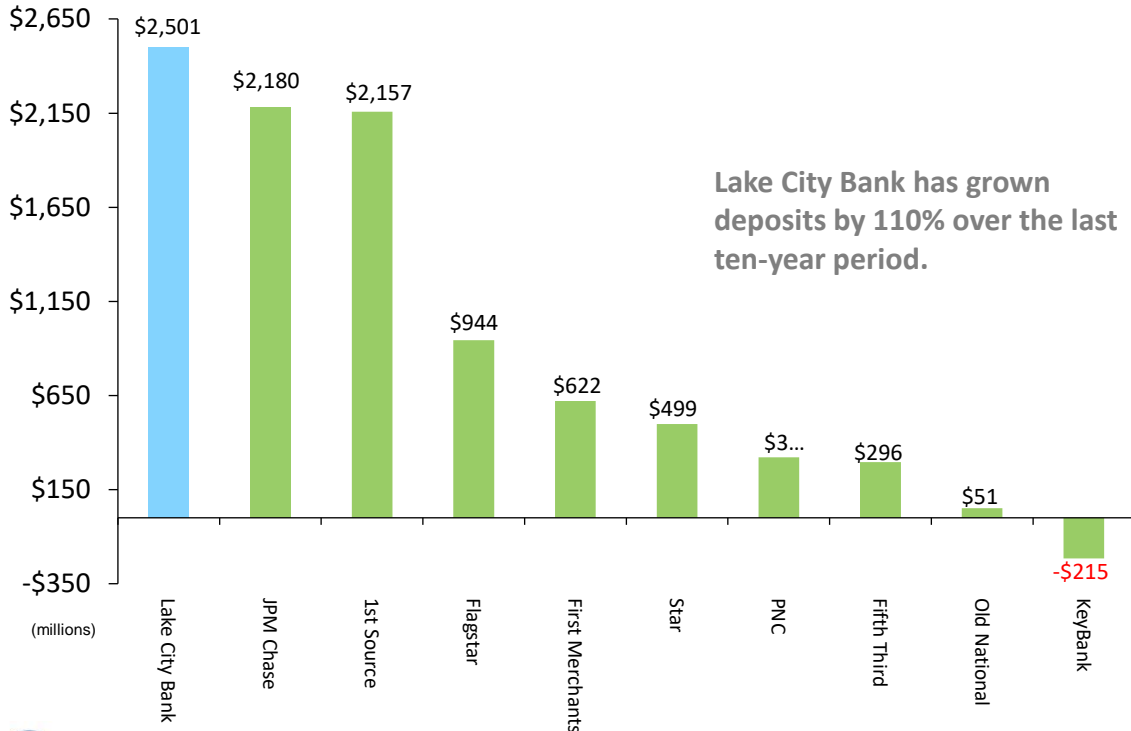
## Lake City Bank Culture

- Our culture is our greatest asset and we will preserve it
- Lake City University drives our culture
- Diversity, Equity and Inclusion initiatives underway
- Our community involvement is real and critical to our strategy
- Our culture has not been diluted by acquisition



## Organic Growth 2011 - 2021

# Mature<sup>1</sup> Market Deposit Performance

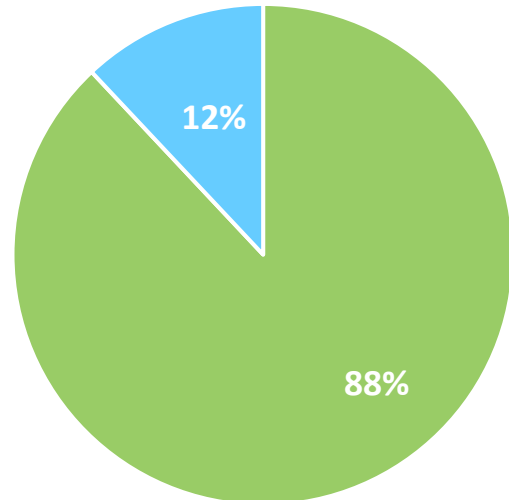


# Organic Growth

## Indianapolis Market Opportunity

Indianapolis Market Banks	Share of Market
1. JPM Chase	23%
2. PNC	14%
3. Merchants Bank	11%
4. Fifth Third	10%
5. Huntington National	7%
6. BMO Harris	5%
7. Bank of America	5%
8. First Internet Bank	5%
9. National Bank of Indy	4%
10. KeyBank	4%
16. Lake City Bank	1%

### Deposit Market Share



■ Out of State ■ In State

- Marion, Hamilton and Johnson Counties as of 6/30/21; Source: FDIC Statistics



# A Strong Environment for Growth and Expansion

- #1 manufacturing state in the country<sup>(1)</sup>
- CNBC named Indiana as #1 state for infrastructure
- K-12 funding increased \$1 billion since 2017
- Net population in-migration in 2020
- Ten-year population growth of 4% through 2020
- State GDP percent increase of 4% from January 2020 to March 2021<sup>(2)</sup>

(1) Based on per capita population as of 2019

(2) Indiana Chamber Economic Recovery Dashboard

## Core Deposit Funding

# Core Deposits Fund Organic Loan Growth

- Focus on core deposit growth in retail, commercial and public funds
- Commercial deposit growth over 5 years = 22% CAGR
- Capitalize on market disruption in our footprint to grow deposits
- Emphasize checking account relationship products and flexible solutions
- Leverage demographic and lifestyle data
- Omni channel media campaign is utilized

## Commitment to Technology and Cyber Risk Management

# Innovative and Competitive Technology is a Focus

- Fintech partnerships play a growing role in our technology
- Lake City Bank Digital, the next generation digital solution implemented in March 2021
- Technology partnership with FIS is strong – User Planning Council and Strategic Planning Advisory Council
- Retail and Commercial platforms ensure competitive positioning
- Cybersecurity protection is a constant focus
- AI and data gathering and analysis playing an increasingly important role
- Branch strategies involve hardware and software innovations

## Mobile Adoption is Growing Rapidly

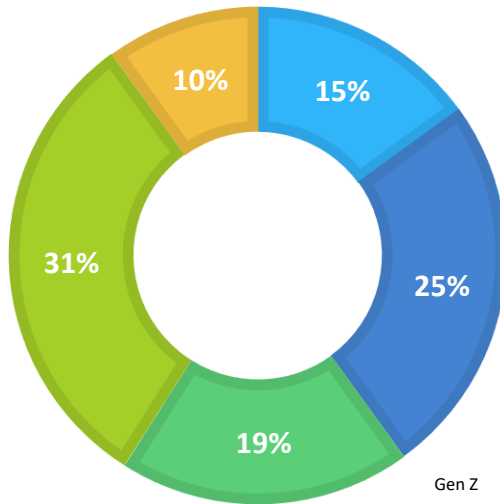
# Channel Utilization Over Three Year Horizon<sup>(1)</sup>

Channel Type	Total Transactions 2018	% of Total	Total Transactions 2021	% of Total	Three Year Change
Branch Transactions	2,339,055	20%	2,027,652	15%	(13)%
ATM/ITM	941,512	8%	905, 213	6%	(4)%
Online Logins	4,969,352	41%	4,852,366	35%	(2)%
Mobile Logins <sup>(2)</sup>	3,527,538	29%	5,804,220	42%	65%
Telephone Banking	206,950	2%	244,455	2%	18%
<b>Total</b>	<b>11,984,407</b>	<b>100%</b>	<b>13,833,906</b>	<b>100%</b>	<b>15%</b>

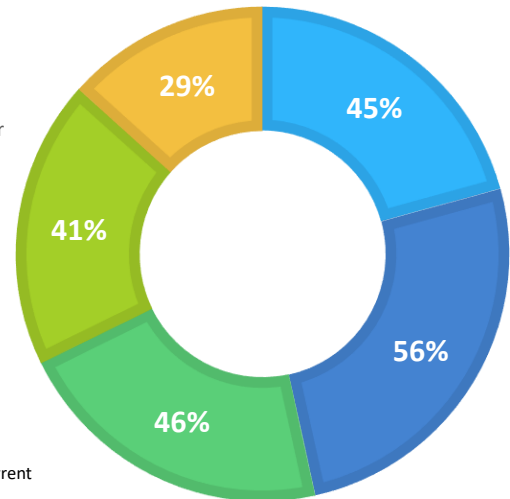
# Lake City Bank Digital Adoption by Age Demographic

## September 2021

### CUSTOMER BREAKDOWN



### DIGITAL ADOPTION



- Gen Z
- Millennial
- Gen X
- Baby Boomer
- Mature

Gen Z	1996 – Current
Millennial	1977 – 1995
Gen X	1965 – 1976
Baby Boomer	1946 – 1964
Mature	1945 or before

# Commitment to Technology and Cyber Risk Management

## Technology Focused Solutions

**BINGE WATCH YOUR MONEY**

Digital Banking  
ASK FOR DETAILS

[lakecitybank.com/digital](http://lakecitybank.com/digital)

**Lake City Bank**  
Member FDIC

**EVEN OUR DIGITAL BANKING IS PERSONAL.**

Digital Banking  
ASK FOR DETAILS

[lakecitybank.com/digital](http://lakecitybank.com/digital)

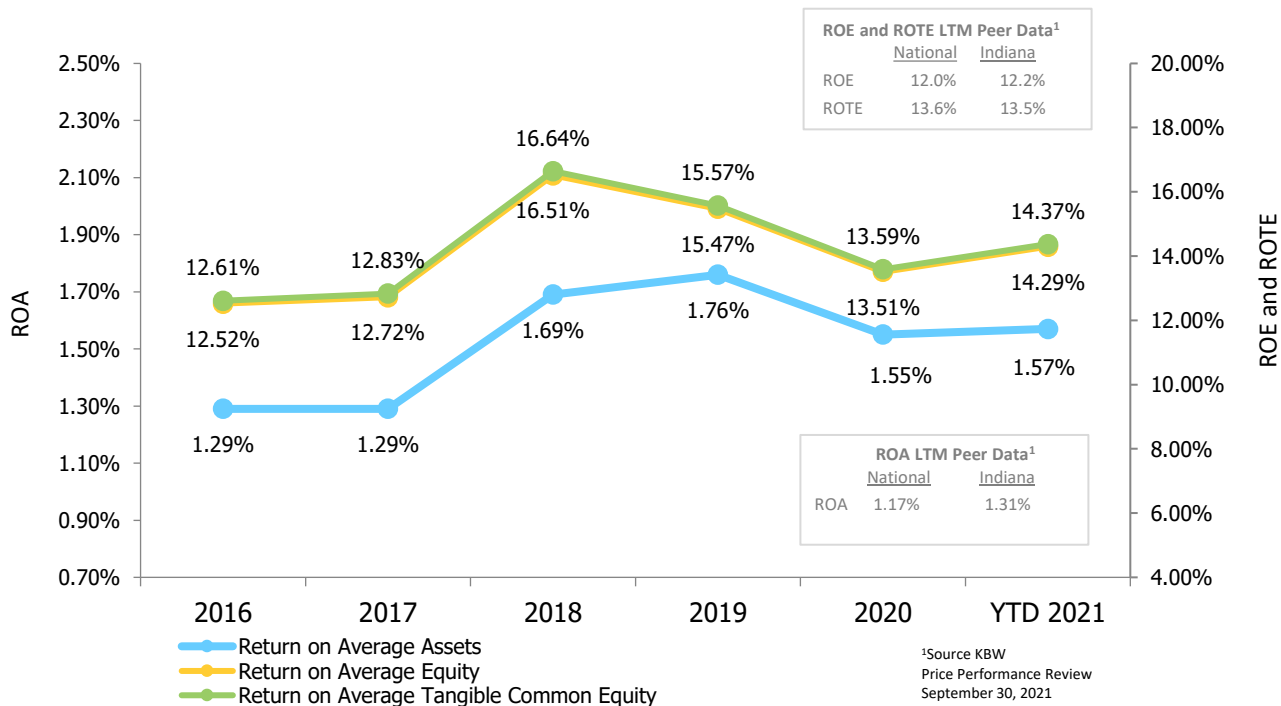
**Lake City Bank**  
Member FDIC

The advertisement features three smartphone screens displaying various digital banking features: 'Home' with account balances, 'Budget' with a 'Bills & Utilities' section showing \$875 / \$750, and 'Financial Tools' with a 'Spending' section showing a 'Total Amount' of \$1,827,500. Below the screens is a man in a light blue shirt and tie holding a tablet. The background is a bright office window.

# Financial Performance

# Income Performance Metrics

LKFN Performance Exceeds National and Indiana Peers

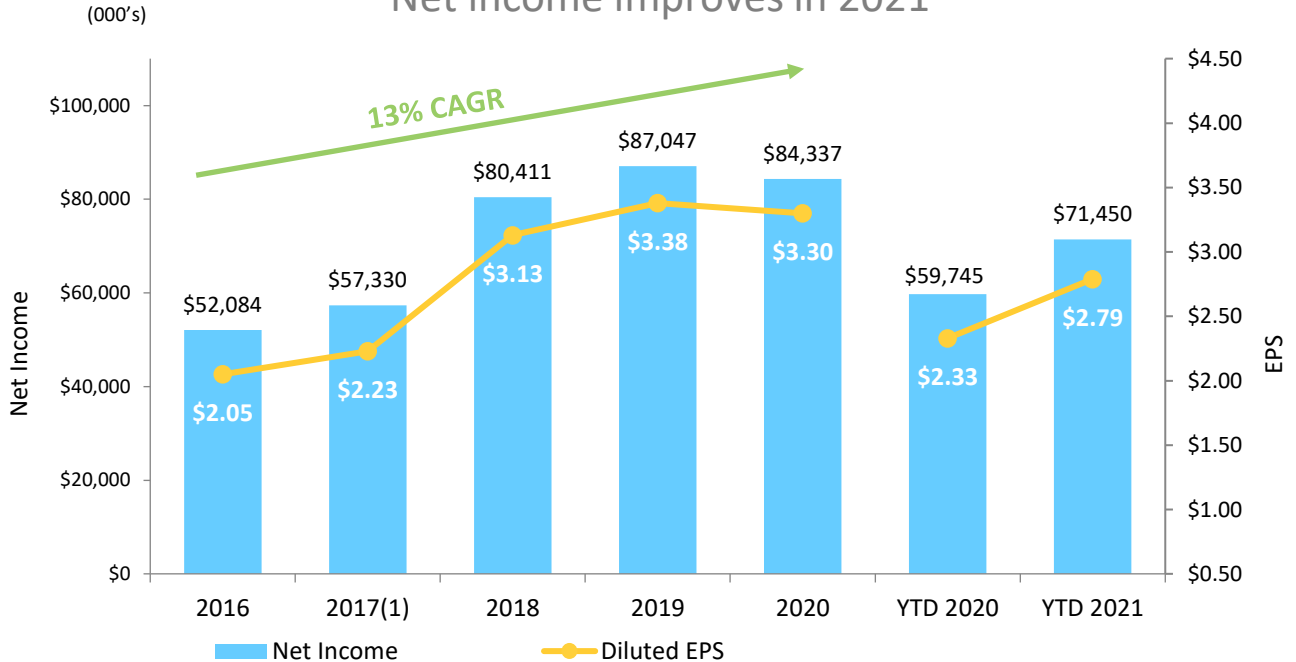


Note: Return on Average Tangible Common Equity is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the Third Quarter 2021 Earnings Press Release and Form 8-K.



# Net Income and EPS

Net income improves in 2021

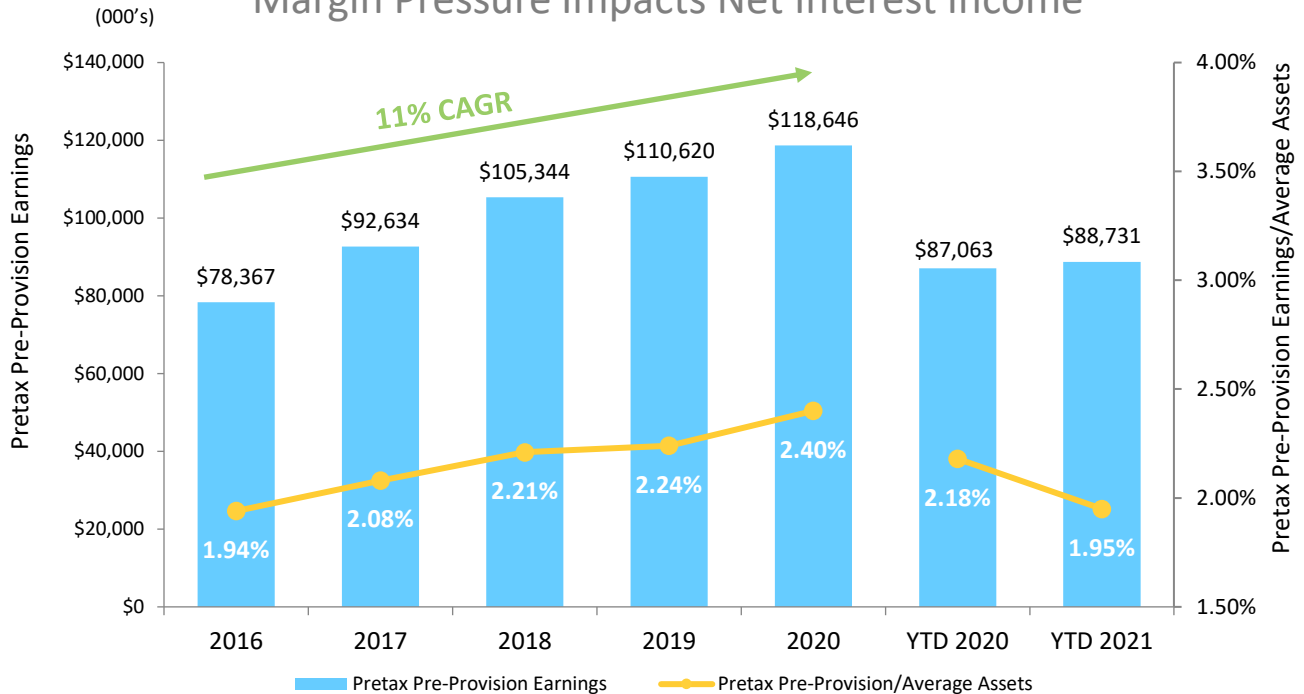


(1) Includes impact of tax reform of \$4.1 million income tax provision for 2017

2021 Net Income increase 20%  
2021 Diluted EPS increase 20%

# Pretax Pre-Provision Earnings

Margin Pressure Impacts Net Interest Income



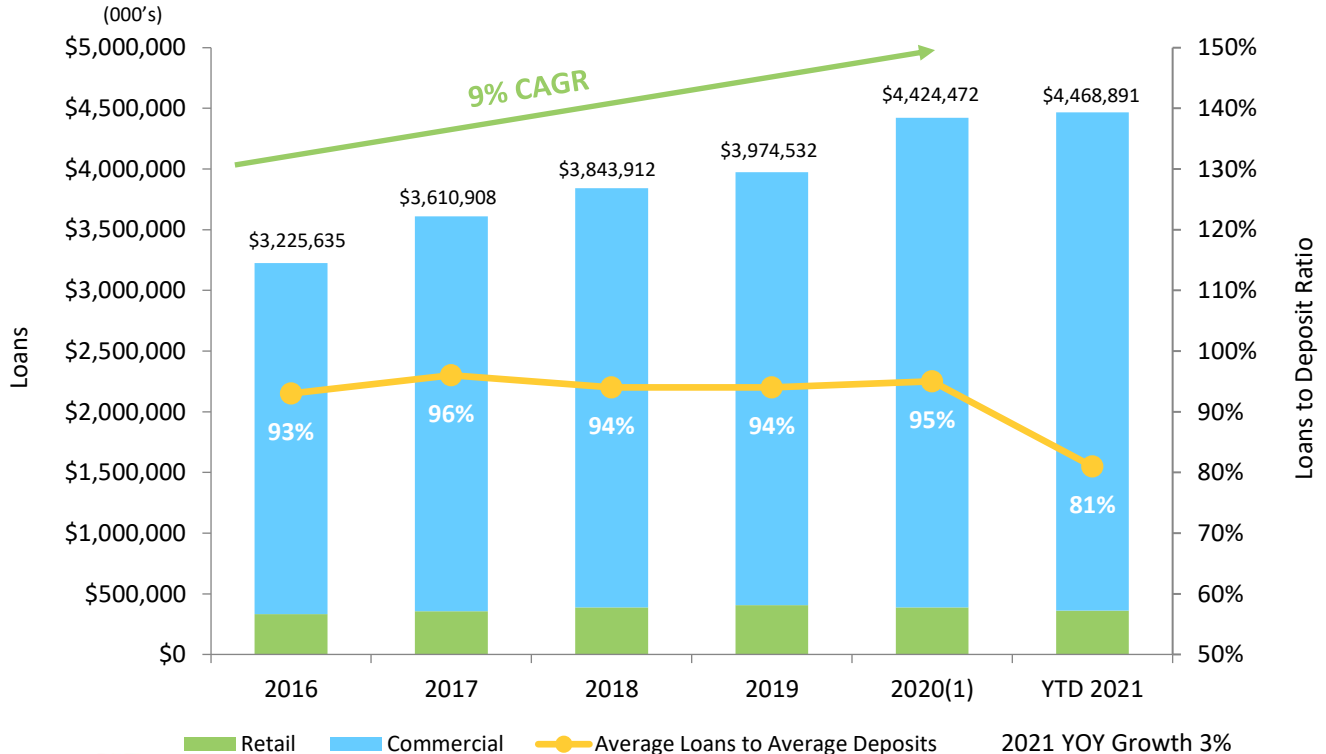
2021 Pretax Pre-Provision Earnings YOY Growth 1%



Note: Pretax Pre-Provision Earnings is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the Third Quarter 2021 Earnings Press Release and Form 8-K.

# Average Loans

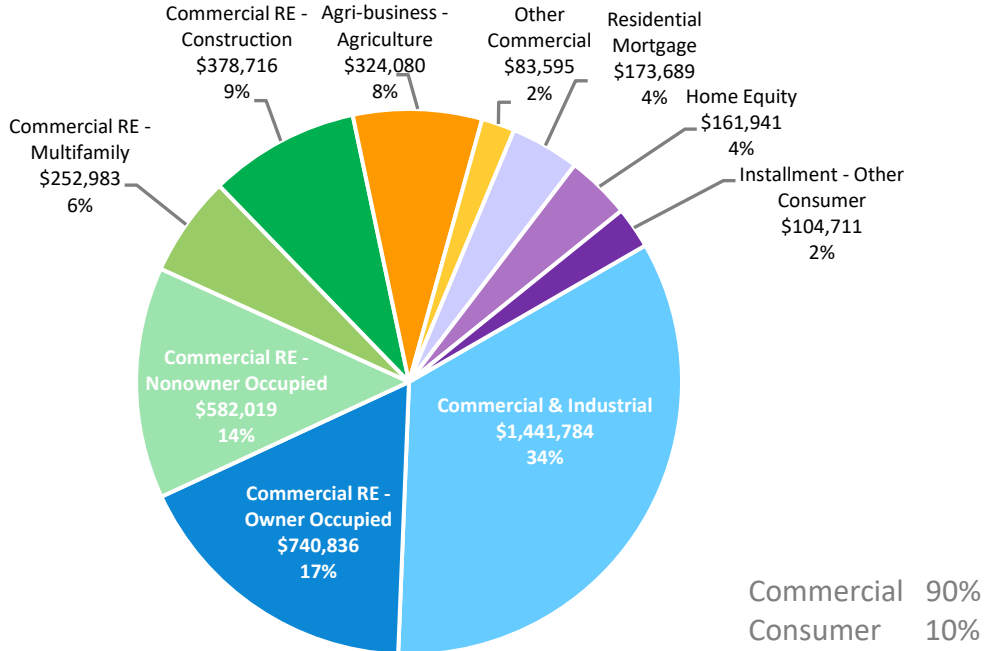
Organic Loan Growth Despite Line Utilization Below Historical Standard



(1) Includes \$377 million in Average PPP loans in 2020 and \$297 million at September 30, 2021

# Loan Breakdown

## C&I Drives Lending Business



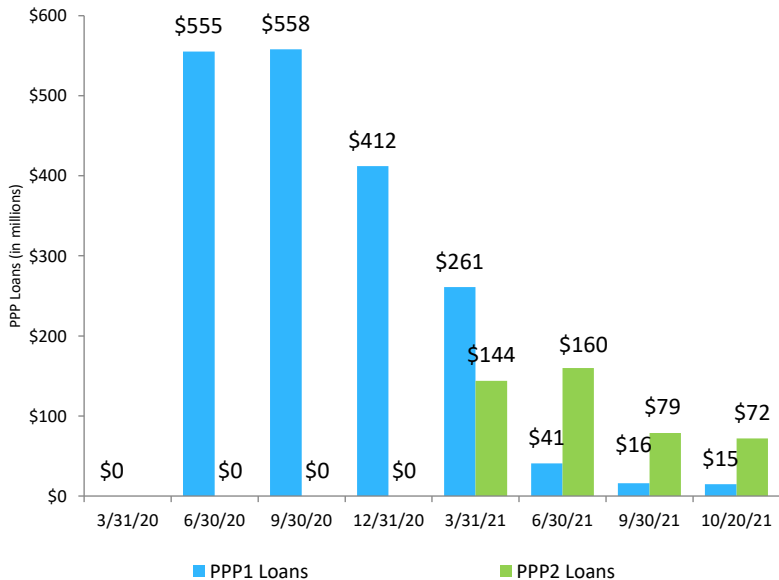
\$4.2 billion as of September 30, 2021

(000's)

# Paycheck Protection Program

PPP Loan Forgiveness Accelerates Unearned Fees into Net Interest Income

## PPP Round 1 and Round 2 Outstanding Balances



## PPP Round 1 Highlights

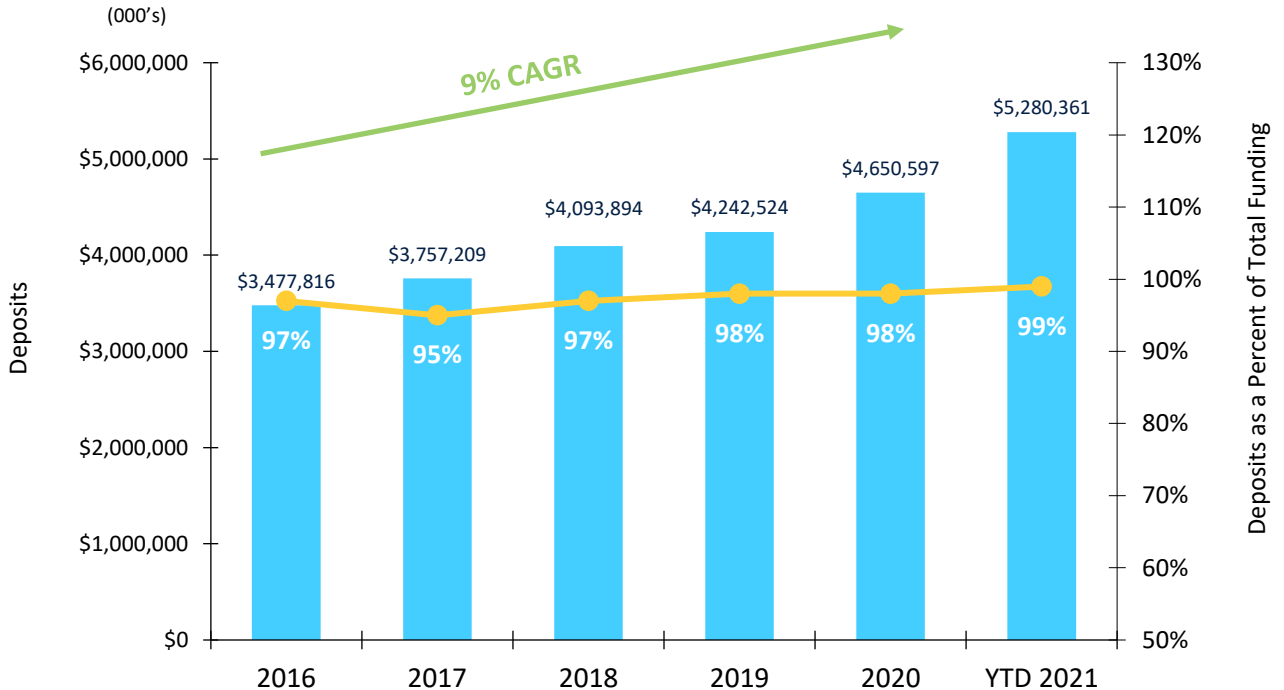
- \$571 million thru 2,409 loans
- Average loan size \$237,000
- 98% of loans, or \$539 million forgiven as of 10/20/21

## PPP Round 2 Highlights

- \$165 million thru 1,191 loans
- Average loan size \$139,000
- 76% of loans, or \$94 million forgiven as of 10/22/21
- PPP funding exhausted as of 5/4/21

# Average Deposits

## Deposit Growth Impacted by PPP Loans and Federal Stimulus



Average Deposits

% of Funding

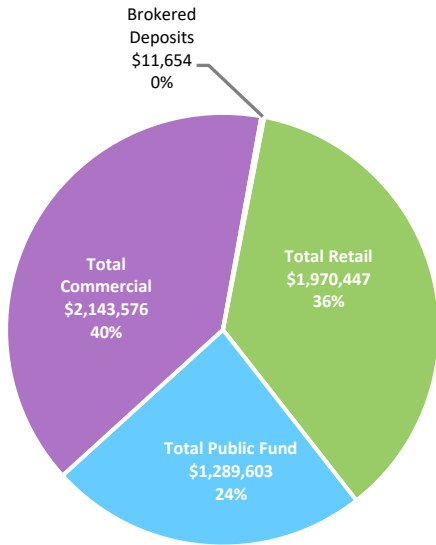
2021 YOY Growth 16%



Note: Core Deposits are defined as total deposits less brokered deposits

# Deposit Breakdown

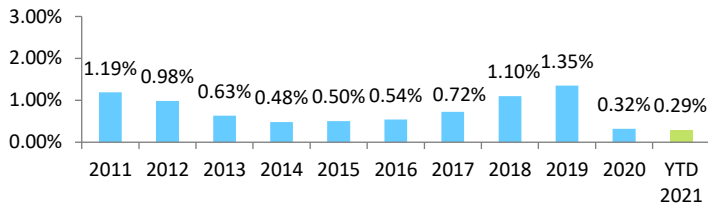
## Cost of Deposits at Historical Low Rates



September 30, 2021  
Total Deposits - \$5.4 billion

(000's)

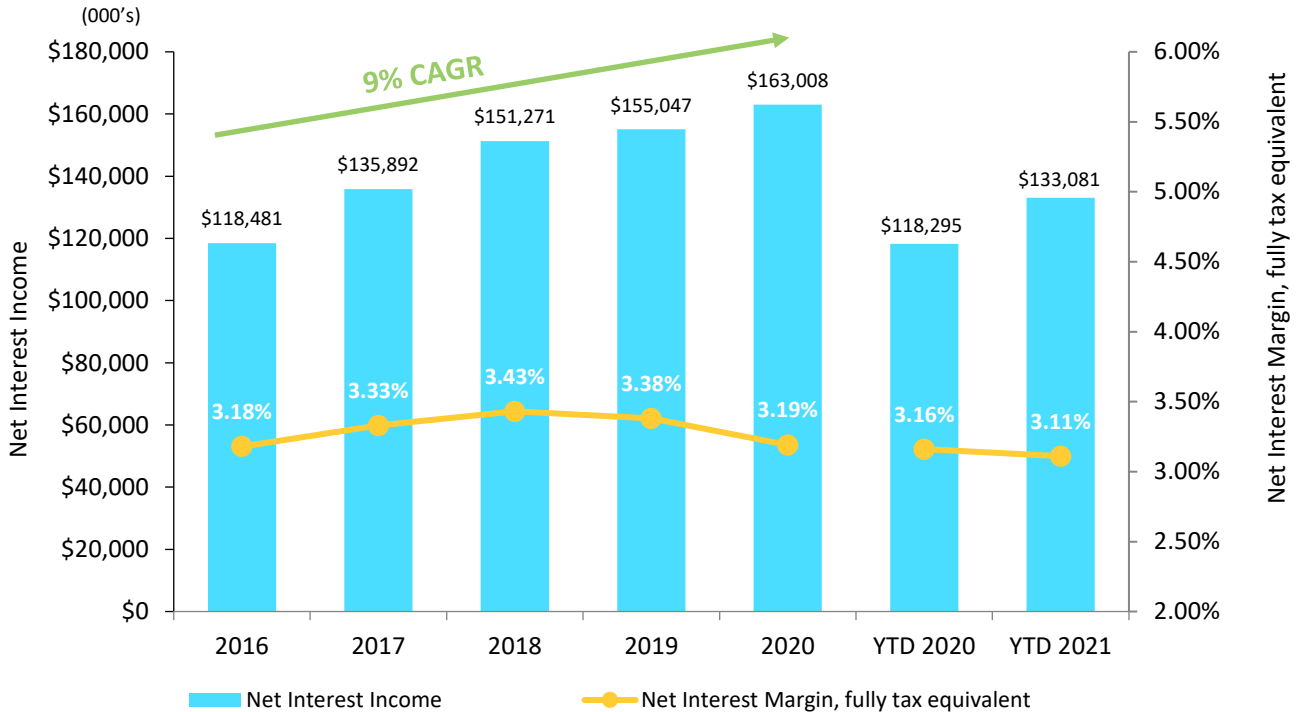
## Cost of Deposits



Deposit Composition at end of period	2009	2021
Non-interest Bearing Demand Deposits	12%	33%
Interest Bearing Demand, Savings & MMA	34%	51%
Time Deposits > or = to \$100,000	35%	12%
Time Deposits < \$100,000	19%	4%
<b>Total Deposits (billions)</b>	<b>\$1.9</b>	<b>\$5.4</b>

# Net Interest Income

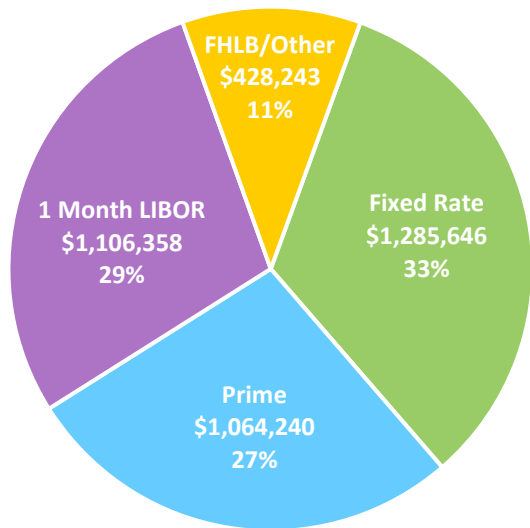
Growth in Net Interest Income Offset by Margin Compression





# Interest Rate Sensitivity

## Asset Sensitive Balance Sheet

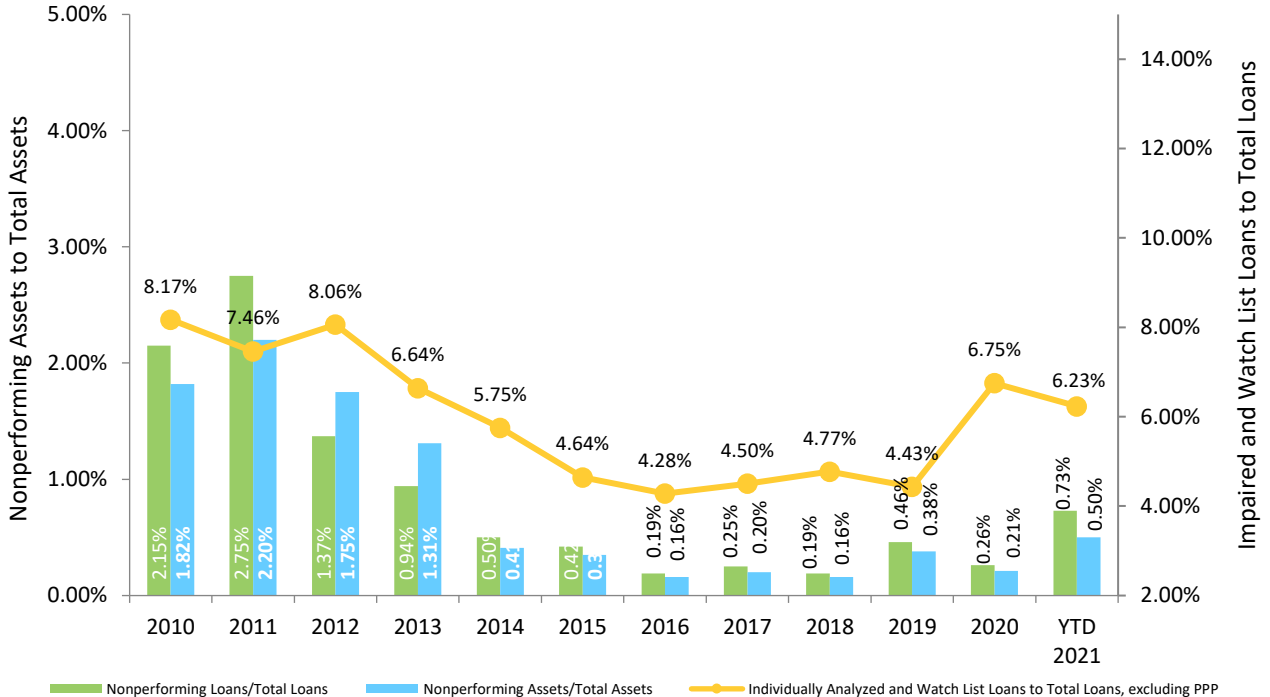


Commercial Loans  
\$3.8 billion as of September 30, 2021  
(000's)

- Proactive deposit pricing reductions
- 70% of Public Funds are tied to Fed Funds effective rate
- 90% of loan portfolio consists of commercial loans
- Fixed rate commercial loans have average terms of 5 years
- 40% of variable rate loans have floors with an average rate of 3.54%
- Investment portfolio duration is 7.52 years

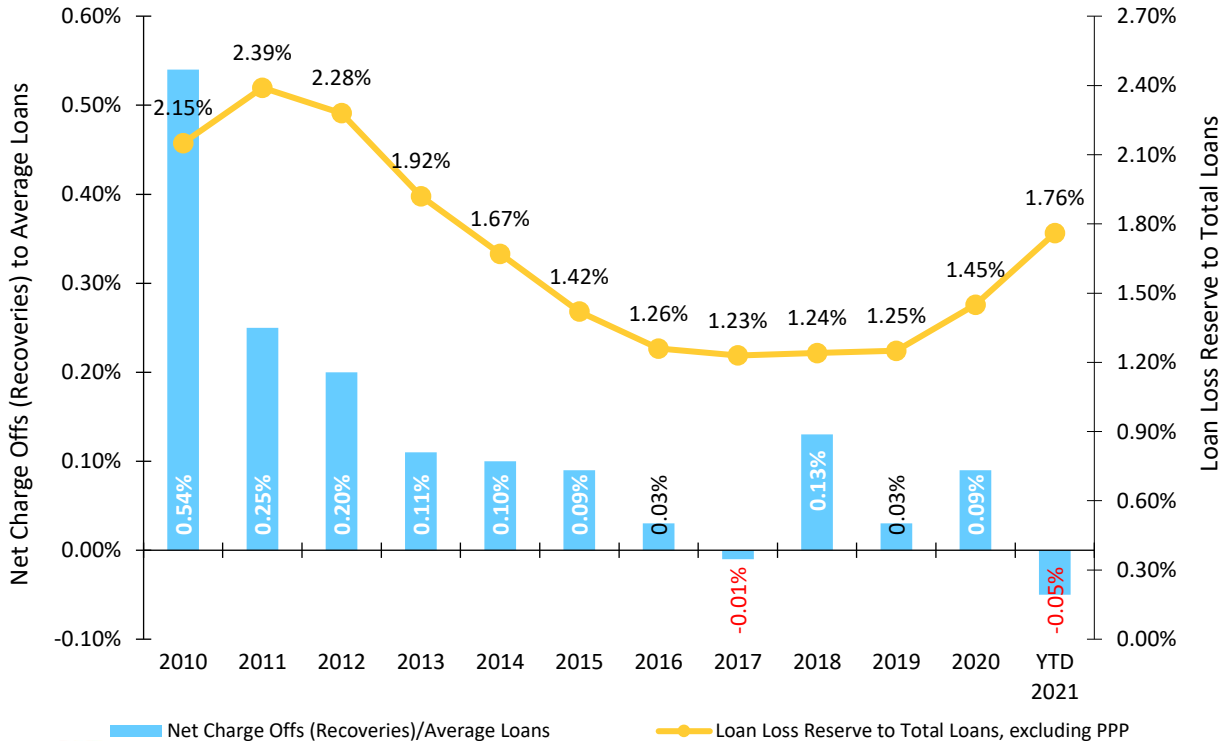
# Asset Quality

Asset Quality Trends Remain Stable Despite Increase in Nonperforming Loans



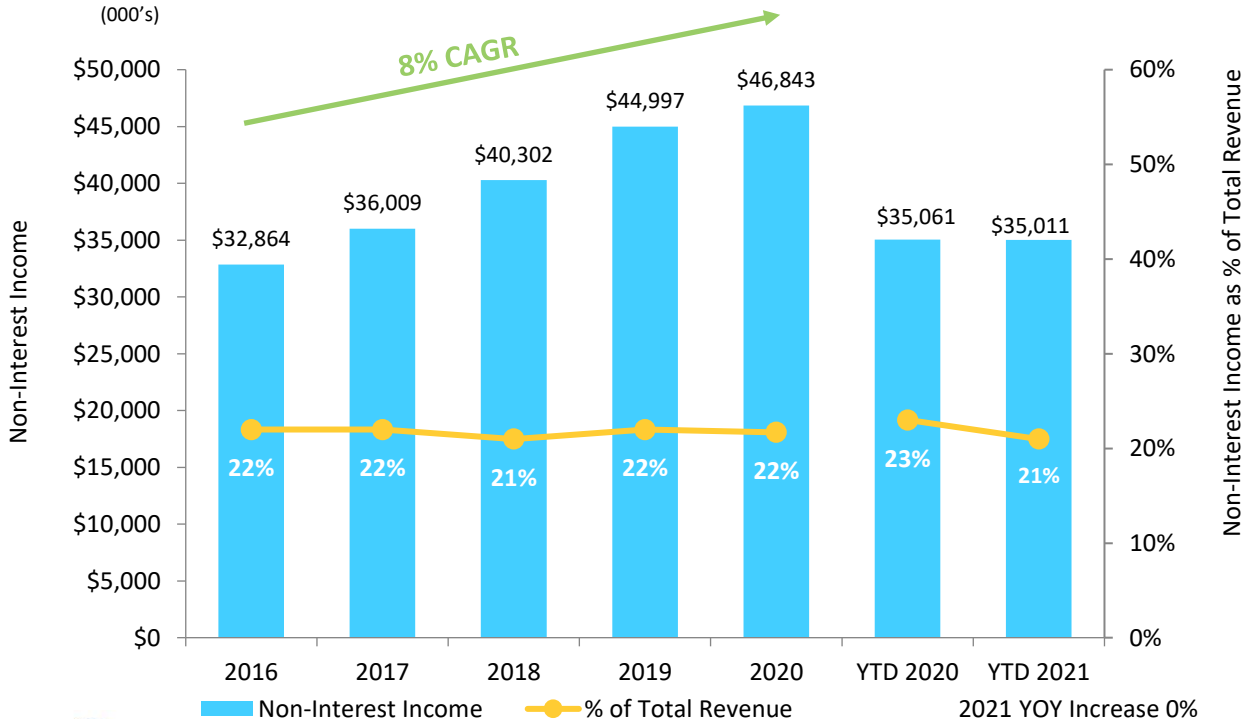
# Asset Quality

Reserve Represents Strong Coverage with Stable Asset Quality Metrics



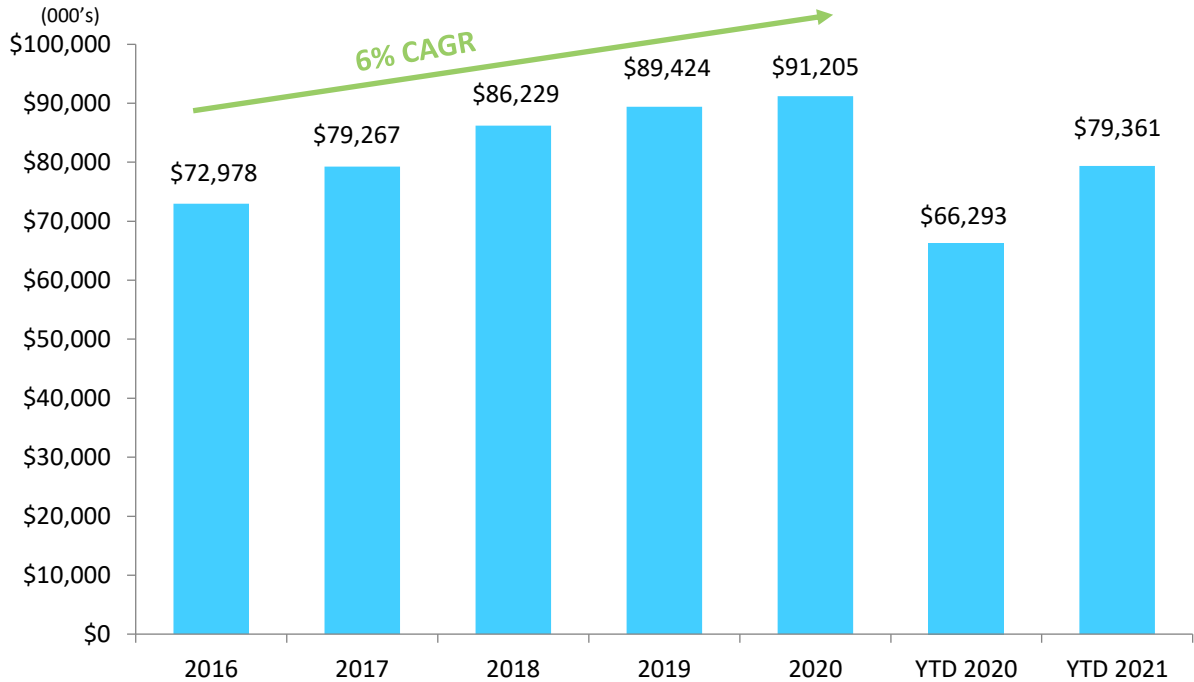
# Non-Interest Income

Double Digit Growth in Wealth Advisory, Interchange and Merchant Card Fees



# Non-Interest Expense

Elevated Growth Rate for Non-Interest Expense Results from Low 2020 Run-Rate

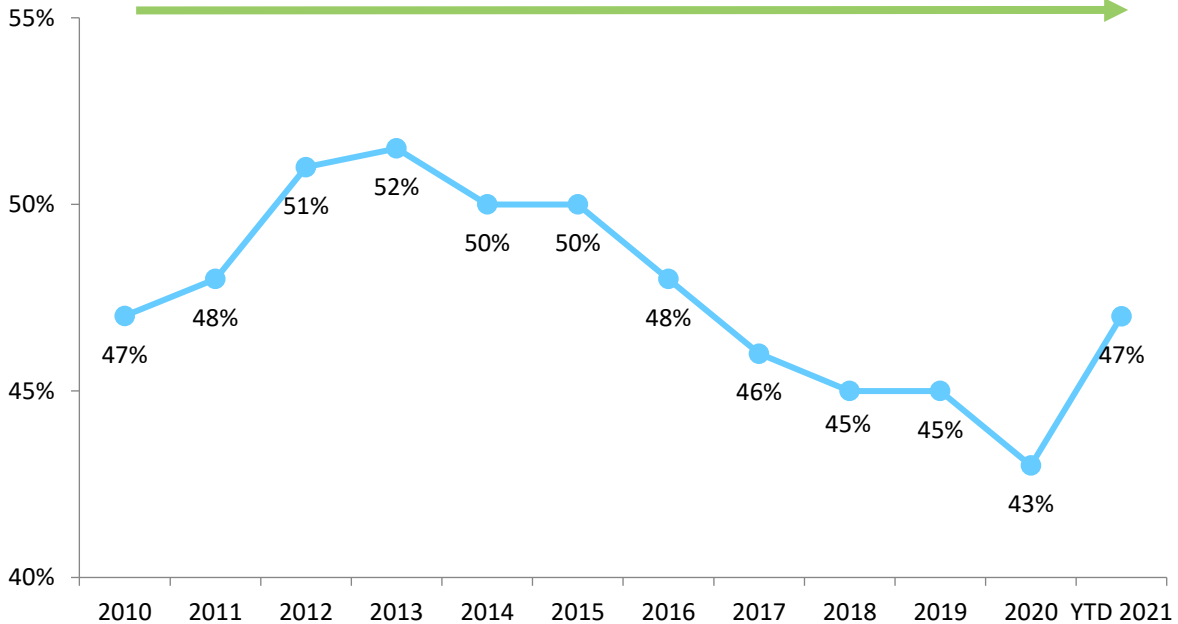


2021 YOY Increase 20%

# Efficiency Ratio

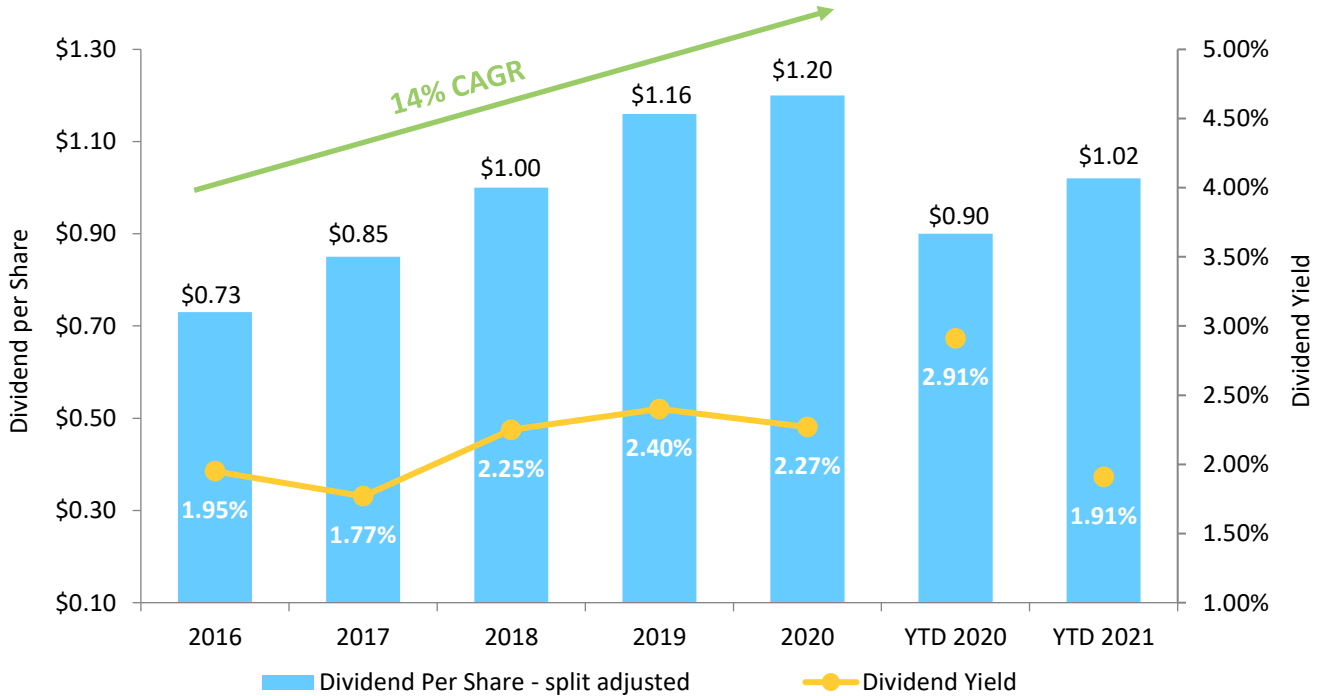
Revenue Growth is Primary Driver

Constant investment in technology and facilities



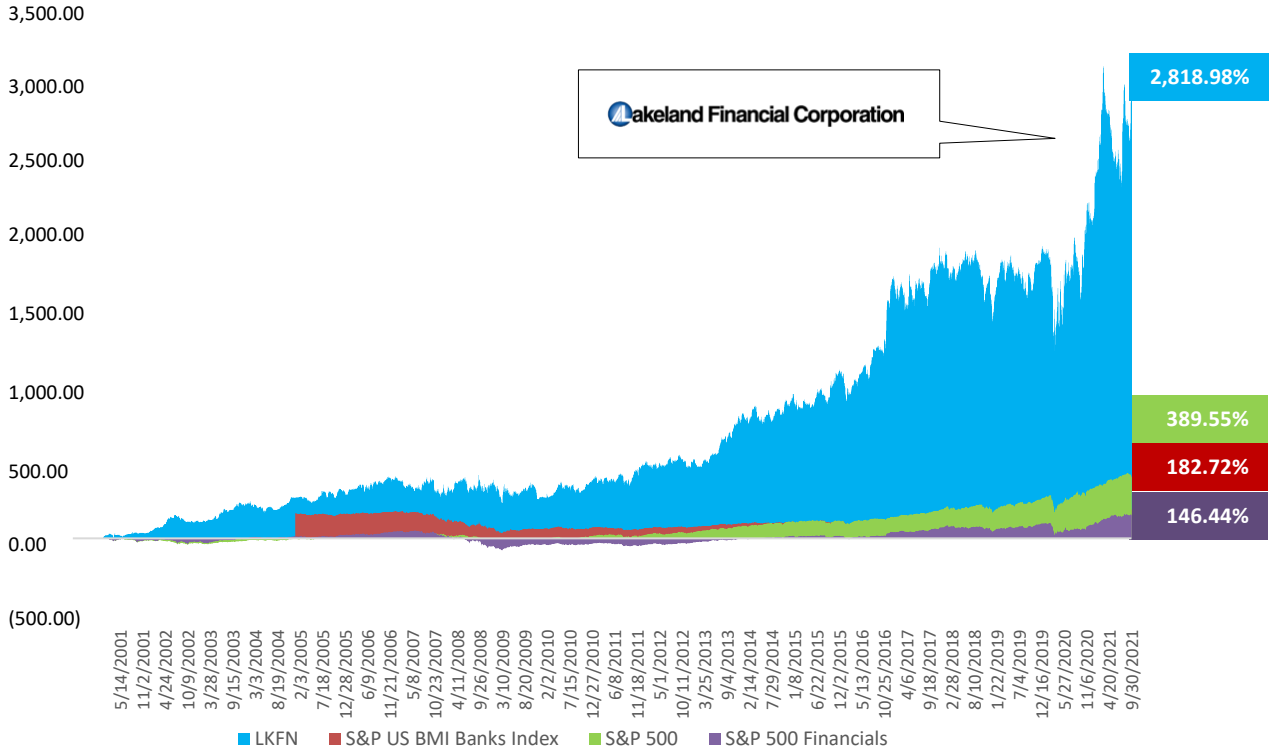
# Stable Healthy Dividend

Dividend Reflects Strength of Balance Sheet



# LKFN Shareholder Value

Total Return Performance from 12/31/00 to 9/30/21





# Investment Highlights

- Proven History of Organic Growth
- Disciplined and Focused Strategy
- Strong Internal Culture
- Consistent Execution
- Service Excellence Drives Shareholder Value

# Supplemental Information

# COVID-19 Related Loan Deferrals

## COVID-19 Loan Deferrals as of October 20, 2021

Type of Loan	# of Borrowers	Loans (000's)	% of Total Loan Portfolio
Commercial	1	\$7,954	0.2%
Consumer	1	12	0%
<b>Total</b>	<b>2</b>	<b>\$7,966</b>	<b>0.2%</b>

## Credit Risk Management Efforts

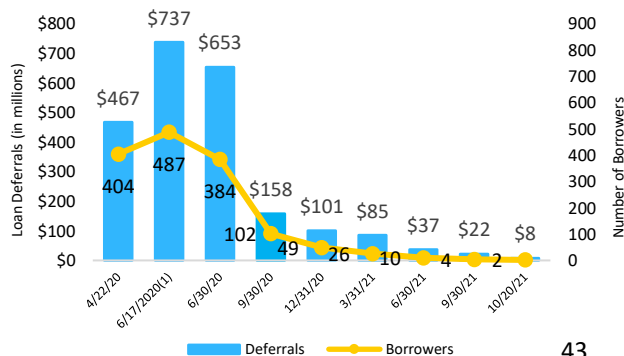
- All COVID-19 related loan deferrals remain on accrual status, each deferral is evaluated individually and management has determined that all contractual cash flows are collectible at this time
- The Nursing Care facility sector represents remaining loan on deferral
- TDR deferral relief extended to January 1, 2022

## Commercial Deferrals by Loan Type



\$8 million Commercial Deferrals

## COVID-19 Loan Deferrals

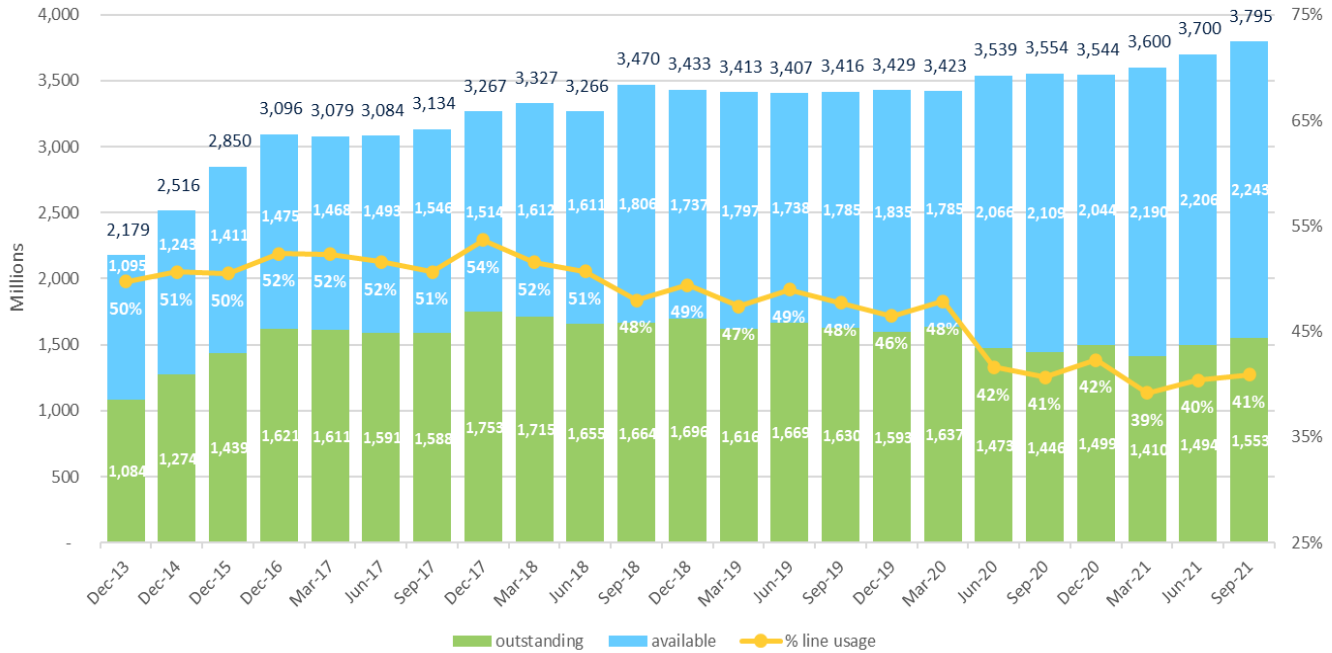


(1) Deferral balances peaked on June 17, 2020

# Liquidity

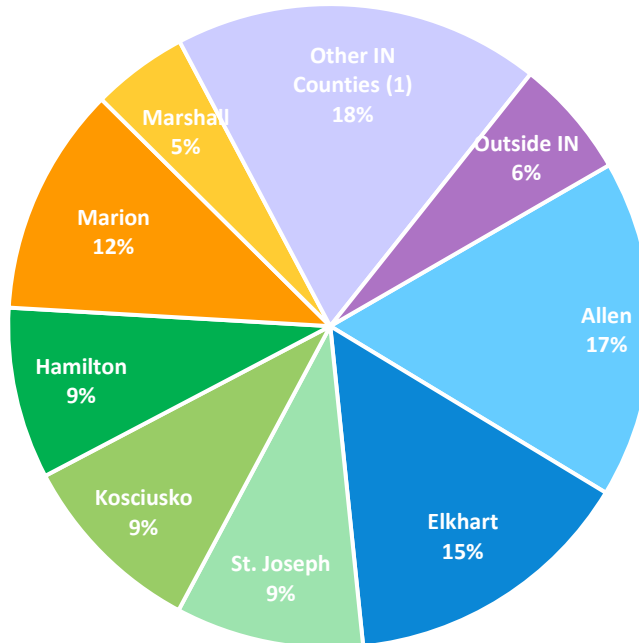
## Line of Credit Utilization

September 30, 2021



# Commercial Loans by County

Commercial Customers in 46 Indiana Counties and 22 Other States



Commercial Loans  
Outstanding as of  
9/30/2021  
\$3.8 million

September 30, 2021  
(000's)

# Organic Growth

## Larger Market Organic Expansion

State Rank	County	Primary City	Population*	LCB Entry	LCB Deposit Market Share**	# of Branches
20.	Kosciusko	Warsaw	78,988	1872	58%	12
6.	Elkhart	Elkhart	206,161	1990	26%	10
5.	St. Joseph	South Bend	271,484	1997	10%	4
3.	Allen	Fort Wayne	382,187	1999	12%	5
1.	Hamilton, Johnson, Marion	Indianapolis	1,467,028	2011	1%	6

\* Source: STATS Indiana

\*\* Source: FDIC 6/30/21 Statistics



# Organic Growth

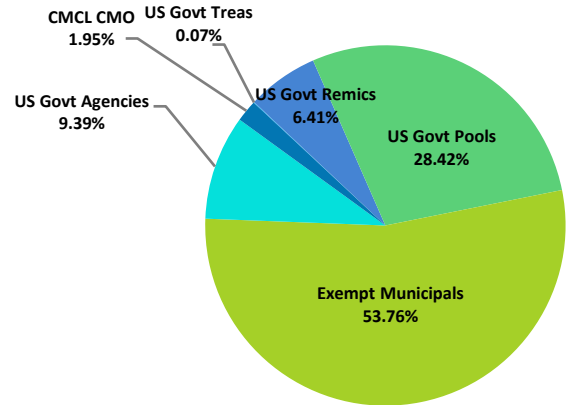
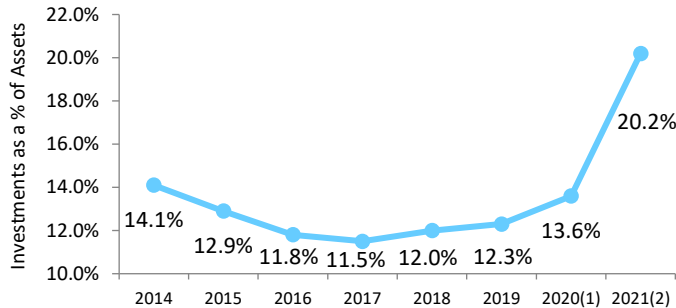
## Mature Market Strength and Growth

(millions) <sup>1</sup>	2021		2011			2021 # of Offices
	<u>Deposits</u>	<u>Share</u>	<u>Deposits</u>	<u>Share</u>	<u>Increase</u>	
<b>1. Lake City Bank</b>	<b>\$4,778</b>	<b>18.74%</b>	<b>\$2,277</b>	<b>13.37%</b>	<b>109.84%</b>	<b>51</b>
2. 1 <sup>st</sup> Source	\$4,670	18.31%	\$2,513	14.75%	85.83%	53
3. JPM Chase	\$3,601	14.12%	\$1,421	8.34%	153.41%	21
4. PNC	\$1,764	6.92%	\$1,442	9.47%	22.33%	20
5. First Merchants	\$1,265	4.96%	\$643	3.77%	96.73%	10
6. Flagstar	\$958	3.76%	\$14	0.08%	6742.86%	23
7. Star	\$954	3.74%	\$455	2.67%	109.67%	10
8. KeyBank	\$769	3.02%	\$984	5.77%	(21.85)%	14
9. Old National	\$707	2.77%	\$656	3.85%	7.77%	9
10. Fifth Third	\$612	2.40%	\$316	1.85%	96.67%	9
<b>Market Total</b>	<b>\$25,502</b>		<b>\$17,040</b>		<b>49.66%</b>	



<sup>1</sup>Mature Markets includes 12 Northern Indiana counties and excludes 3 Central Indiana counties  
Adjusted to include branches subsequently acquired by surviving banks

# Investment Portfolio – Source of Liquidity



September 30, 2021

	Weighted Maturity	Book Yield	Duration	Market Value
US Govt REMICS	2.98	2.16	4.60	79,464
US Govt Pools	6.95	1.88	6.25	352,369
US Agencies	9.63	1.39	11.39	116,461
US Treasury Notes/Bills	0.58	0.07	0.58	900
Exempt Municipals (TEY)	16.59	3.03	8.09	666,339
CMCL CMO	2.18	2.27	1.67	24,182
<b>Total (Tax-Equivalent Yield)</b>	<b>11.87</b>	<b>2.46%</b>	<b>7.52</b>	<b>\$1,239,715</b>

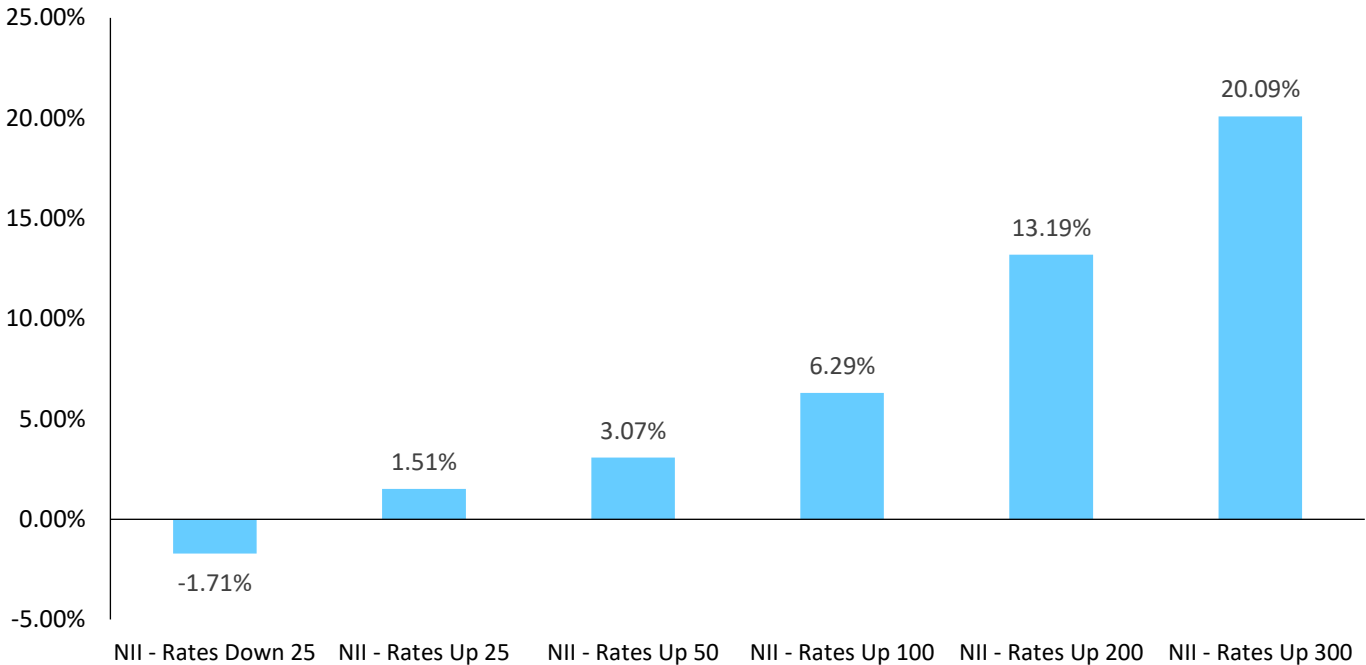


(1) Ratio for 12/31/20 excludes PPP loans of \$412 million in total assets  
 (2) Ratio for 9/30/21 excludes PPP loans of \$92 million in total assets



# Projected Impact of Rising/Falling Rates

## Asset Sensitive Balance Sheet





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