



2019

LAKELAND FINANCIAL CORPORATION | 2019 ANNUAL REPORT

It is the commonality and connectivity with our clients that contributes to our ability to be more than just a bank to them.

Lake City Bank Shareholders, Clients and Community Partners:

2019 represented our tenth consecutive year of record net income and earnings per share. The Lake City Bank team is understandably proud of this financial performance as it reflects a decade of dedication and hard work. Additionally, we have reported record net income in 30 of the last 31 years. That said, we'd rather talk about the broader impact that we have had in the communities we serve. During our 147-year history, we've been properly focused on building sustainable and meaningful relationships with our clients and communities. We have never wavered from the understanding that our shareholders will benefit only if we focus first on our employees, communities and clients. That's why we love this annual report. Every year we get another opportunity to talk about the relationships that we have built with our clients and our communities, because that's what matters.

Throughout this annual report, you will see a recurring theme in our client features that focuses on our consultative way of doing business. We try to be more than a financial services provider to our clients and are pleased that several of them featured in this report

reflect on our role as value-added advisor and consultant. In a very crowded and competitive environment, our partnership approach to working with clients is a true differentiator and will remain at the forefront of our relationship building strategy.

When we think about our core values of Honesty, Community Service, Customer Service, Professional Development, Stewardship, Profitability and Independence, it is refreshing to recognize that our clients share many of the same values. It is the commonality and connectivity with our clients that contributes to our ability to be more than just a bank to them. This year, stewardship stood out as a value both in our client stories and in our activities over the course of 2019. While stewardship might be a bit old-fashioned and hard to define, our clients helped us illustrate the concept. Several of our featured clients observed that we are good stewards of their resources. We're proud of that characterization of our relationship but it reminds us that we share a lot in common with our clients as well.

Speaking of stewardship and community service, we recently initiated the final phase of a \$16 million capital investment in our Downtown Warsaw campus. Today, nearly 350 Lake City Bank team members work in the seven buildings that represent our headquarters presence in Warsaw. Further, over the past decade, we have remodeled every out-of-date office in the Lake City Bank system to bring all of them up to current branding and operational standards. This substantial capital commitment is a statement of our plans for the future and a reflection of our success in the past. We are proud of our Hoosier roots.

Make no mistake, we understand that our role as a community bank has evolved dramatically

over the past decade. We realized long ago that both our retail office delivery channel and our growing digital delivery channel would determine our reputation as a community bank in the future. As a result, we've undertaken this update and modernization of our offices, while at the same time committing significant capital and resources to our expanding technology platforms. The speed of evolution on the technology front is a tremendous challenge to the community banking model. We can't afford to be "good enough" in delivering digital solutions to our retail and commercial clients. Even more challenging, today's market is filled with both traditional commercial bank competition and rapidly emerging Fintech and non-bank competitors. In 2020, we will continue to focus on our competitive positioning and will make a commitment to our next generation of digital services for both our retail and commercial clients. We will remain competitive on the technology front, regardless of the size of our competitor's balance sheet.

Speaking of competition, according to the FDIC, we entered the 21st century with more than 8,500 commercial banks in the United States. Today, there are less than 4,600 banks in the country. Over the last two decades, we have witnessed a significant consolidation in our industry with nearly 50% fewer banks today than in 1999. During the same period, Lake City Bank has grown from \$1.0 billion in total assets to \$4.9 billion today, an increase of 376%. All of this growth has come from organic balance sheet expansion without a single acquisition. Why does that matter? It matters because we have grown our balance sheet one loan and one deposit at a time. It is not the easiest or the fastest way to grow, but it has proven to be a very healthy way to grow. As a result, we know our clients and we know our communities, and

we have a singular focus on them. We are proud of that, just as we are proud of our 147-year history of independence.

Our shareholders saw a 22% increase in our stock price in 2019. While this is certainly rewarding, we remain focused on our performance over the long term. A dollar invested in Lakeland Financial on December 31, 2000, was worth \$10.74 on December 31, 2019. Including the impact of our consistent dividend payments, our total return was 1,819% over that same 19-year period.

We are well positioned for the future. We have invested in the technology to remain relevant to our clients. We have built a cohesive team focused on the right things. We have a strategic plan built around the challenges in front of us. Finally, we have a proven history of shareholder value creation and a commitment to our communities. We are grateful for the support of our clients, communities, employees and shareholders.



A handwritten signature in black ink, appearing to read "David M. Findlay". The signature is stylized and fluid.

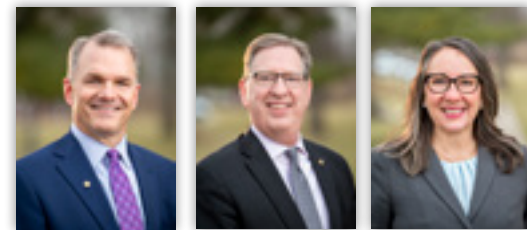
David M. Findlay
President and Chief Executive Officer

Management Committee

Board of Directors



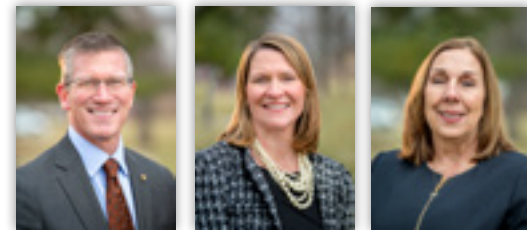
The continuity of leadership represented by our Management Committee is critical to our success. It's a powerful reflection of the consistency and strength of our historical performance and of our confidence in the future. We recognize the dynamic challenges ahead of the bank as technology continues to change our industry and are laser-focused on the key role that technological innovation will play in our future. While we are competitive today, we must look forward to ensure that we remain at the forefront of our technology-based solutions. We also recognize that our relationship-driven growth strategy is as relevant today as it was when the bank was founded in 1872. Technology is critical, but connectivity with our clients is just as important. In coordination with our Senior Leadership Council, and all of our Lake City Bank team, we will make sure to stay focused on the execution driven principles that have driven our performance over the last 147 years.



David M. Findlay
President and Chief Executive Officer

Michael E. Gavin
Executive Vice President
Chief Credit Officer

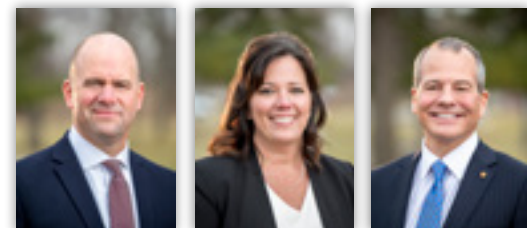
Lisa M. O'Neill
Executive Vice President
Chief Financial Officer



Eric H. Ottinger
Executive Vice President
Commercial Banking

Kristin L. Pruitt
Executive Vice President
Chief Administrative Officer

Jill A. DeBatty
Senior Vice President
People Development



J. Rickard Donovan
Senior Vice President
General Counsel

Stephanie R. Leniski
Senior Vice President
Retail Banking

Jonathan P. Steiner
Senior Vice President
Wealth Advisory Group
and Brokerage



Annually, our Board of Directors spends an offsite day focused on the strategic direction of the bank. In 2019, our regional leadership teams from our five markets spent the day with the board reviewing their respective strategies and plans. Our board has geographical representation from every market, so it was a great opportunity to ensure that our plans for each market were aligned and consistent with the tremendous market knowledge that our board brings to the table. Our Board of Directors is much more than a governance organization. It is an extension of our business development teams and a true partner in our growth and success.

Front (left to right)

Emily E. Pichon
Chairman
ExTech Plastics, Inc.
Officer and Director
Olive B Cole Foundation and
M E Raker Foundation, Inc.

Darriane P. Christian
Civic Leader

Center (left to right)

Ronald D. Truex
Chairman
Creighton Brothers

Michael L. Kubacki
Chairman
Lakeland Financial Corporation
and Lake City Bank

Robert E. Bartels, Jr.
Former President and
Chief Executive Officer
Martin's Super Markets

Steven D. Ross
Former President
Heartland Coffee Company

David M. Findlay
President and
Chief Executive Officer
Lakeland Financial Corporation
and Lake City Bank

Bradley J. Toothaker
President and
Chief Executive Officer
Bradley Company

Back (Left to Right)

M. Scott Welch
Chief Executive Officer
Welch Packaging Group

Thomas A. Hiatt
Former Founding Partner
Centerfield Capital
Partners, LP

Brian J. Smith
Co-Chief Executive Officer
Heritage Group, Inc.

Blake W. Augsburg
Founder and Chief
Executive Officer
LEA Professional

Daniel F. Evans, Jr.
President Emeritus
Indiana University Health

Hochstetler Grain Equipment Inc.

NAPPANEE | CLIENT SINCE 1991

Questa Education Foundation

FORT WAYNE | CLIENT SINCE 2009



Above, left to right: Rod Hooley, Vice President, Commercial Banking Officer; Jeremy Yoder, Director, M-Line Electric; Larry Slabaugh, Chief Executive Officer; Dave Slabaugh, President; Kevin Herschberger, Vice President; and Chad Stoltzfus, Senior Vice President, Commercial Central Regional Manager.

At left: Dave Slabaugh, President; Larry Slabaugh, Chief Executive Officer; Jeremy Yoder, Director, M-Line Electric; and Kevin Herschberger, Vice President.



Travel through farm country in Indiana and you'll undoubtedly notice grain storage and handling systems dotting the countryside. At first glance, they seem quite similar, but a visit to Hochstetler Grain Equipment, Inc. will show you that they are anything but. At Hochstetler, which has been designing, installing and providing service for grain handling systems for more than 50 years, creating the system that is just right for each customer takes careful planning and design, followed by a quality build. But that isn't the end of the process. Hochstetler's customer relationships continue for decades with long-term service, upgrades and expansion. Hochstetler prides itself on taking care of each client individually over the long term.

"We're very service oriented," said Dave Slabaugh, President. "Everything we build is carefully designed based on our customers' needs." Hochstetler's long-term relationships extend to Lake City Bank, where it has been a customer since 1991. The company has a commercial line of credit, commercial deposits and uses a variety of technology-driven treasury management solutions and merchant services. "We like Lake City Bank," said Larry Slabaugh, Chief Executive Officer. "Other banks have tried to come in here and get our business, and they'll keep trying, but we're not interested. The bank has done a good job and we appreciate it."



Above, left to right: Denise Ramsey, Retail Banking Officer; Emily Pichon, Cole Foundation, Questa Board Vice Chair; Gary Adkins, President, Parkview Noble Hospital, Questa Board Chair; Jenny King, Vice President, Personal Trust Officer; Andy Haddock, Senior Vice President, Chief Investment Officer; and Marc Levy, Executive Director.

At left: Marc Levy, Executive Director; Emily Pichon, Cole Foundation, Questa Board Vice Chair; and Gary Adkins, President, Parkview Noble Hospital, Questa Board Chair.



Since 1973, the Questa Education Foundation has grown from funding post-secondary education to a foundation creatively addressing the larger issue of economic success in the 11 counties of Northeast Indiana. Over the years, Questa has evolved by working with businesses to design programs that fund education and training for employees, often in the form of forgivable loans, which significantly reduce student debt. Northeast Indiana benefits from a more highly trained workforce, and talent that stays in the area. "Our goals are to

increase access to post-secondary education, help students complete their programs with less debt, and to retain talent in Northeast Indiana," said Marc Levy, Executive Director. Lake City Bank provides investment management and banking services to Questa. "It's been a good fit," Levy said. "We're both local organizations that care about improving the business environment in Northeast Indiana." The formula seems to be working. Questa has helped more than 1,000 scholars since 2007, with graduation rates nearly double the national average.

Stauffer Dental Associates

ELKHART | CLIENT SINCE 2015

Patriot Products, LLC

FRANKLIN | CLIENT SINCE 2017



Above, left to right: Ron BonDurant, Vice President, Commercial Banking Officer; Randy Stauffer, DDS; Melissa Blosser, Vice President, Retail Banking Regional Manager; Richard Delks, Vice President, Wealth Advisor; and Randy Crouch, Vice President, Trust Officer and Retirement Services Manager.

At left: Randy Stauffer, DDS.

Randy Stauffer, DDS, started his dental practice in Elkhart in 1996, just after graduating from dental school. While his business has grown in size, serving individuals and families in Elkhart and surrounding areas, Stauffer and his staff have worked hard to expand the services they offer as well. The latest advances in dental care and cosmetic dentistry are available at Stauffer Dental Associates, but its goal has remained traditional—providing the best care and comfort to patients. “I really enjoy being a dentist,” Stauffer said. “It’s a privilege for me to have anyone place their dental health care needs in my hands, and

it’s a responsibility I take very seriously.” Stauffer has worked with Lake City Bank since 2015. The bank provides commercial loans and deposits, and a 401(k) plan for employees to the business. On the personal side, Lake City Bank provides personal accounts, including services from Lake City Bank’s Wealth Advisory Group. “Working with Lake City Bank has been a good fit for me and for my practice,” Stauffer said. “I’ve found that the people I work with at Lake City give the same care and attention to my business as I hope my patients experience from me and my team.”



Above, left to right, back row: Bill Redman, Senior Vice President, Commercial Indianapolis Regional Manager; Amy Counts, Vice President, Commercial Banking Officer; Jerry Johnson, President; Mike Saunders, Vice President; and Jill Jackson, Chief Financial Officer. **Front row, left to right:** Daniel Johnson, Vice President, Marketing; Myrta McQueen, Business Operations Manager; and Joe Waltermann, Vice President, Retail Banking Officer.

At left: Mike Saunders, Vice President; Jerry Johnson, President; and Daniel Johnson, Vice President, Marketing.

Patriot Products may have started small—creating a single product in a barn in Franklin, Indiana—but the company has grown in more ways than one since its entrepreneurial start in 2008. Patriot Products specializes in the design and build of custom military applications and products. Its products range from both ground and full-scale aerial targets for shooting ranges, to robotics, to site-built, realistic villages designed for urban combat training. Patriot Products is a trusted partner to the U.S. Military, United States Special Operations Command (SOCOM), the Department of Defense, state and local governments and U.S. allies around the world based on their quality products,

design and commitment to client satisfaction. “We build relationships with our clients that last for years because they’re not based on price, but rather on service after the sale,” said Jerry Johnson, President. Patriot Products chose Lake City Bank for much the same reason. The company has loan products, technology-driven treasury management products, and credit cards with Lake City Bank. “The bank offered more than we expected right from the start,” said Johnson. “Others didn’t understand the business we were building, but Lake City Bank listened and understood. As soon as we met Amy, we felt comfortable.”

Minnick Services Corporation

FORT WAYNE | CLIENT SINCE 2009

Pike Lumber Company, Inc.

AKRON | CLIENT SINCE 1994



Above, left to right: Grant Daily, Vice President, Commercial Banking Officer; Jani MacDowell, Chief Financial Officer; Grace Minnick; Mark Minnick, Chief Executive Officer; Cammy Treadway, Senior Vice President, Commercial East Regional Manager; Alice Minnick, President; and Matt Minnick, Production Manager.

At left: Alice Minnick, President; and Mark Minnick, Chief Executive Officer.



Minnick Services has grown quite a bit since 1978. The Fort Wayne-based company serves 36 counties in Northeast and Central Indiana, as well as Northeast Illinois. Minnick manufactures precast concrete products including burial vaults, concrete manhole structures, retaining walls, and a precast custom utility system for installing light poles. Minnick prides itself on supplying the highest quality products that are manufactured using specialized concrete formulations that provide the strength and durability required for each application. Minnick's employees are a big part of its success—its team includes many family connections and second-generation workers proud to

join the company. Minnick has worked with Lake City Bank since 2009, using commercial loans, deposits and a variety of treasury management solutions in addition to personal accounts. Perhaps most important, the company relies on Lake City Bank for more than financial solutions. "We use the bank like it's supposed to be used," said Mark Minnick, Chief Executive Officer. "We use Lake City Bank, and Grant Daily in particular, as a sounding board and advisor to help us make wise decisions. We have a responsibility to be good stewards of our resources and Lake City Bank is a big part of that."



Above, left to right: Rich Solano, Corporate Treasurer; Craig Brouette, Executive Vice President; Jane Murphy, Vice President, Retail Banking Officer; Samantha Howard, Vice President of Administration; Jim Steen, President; and Nate Conley, Vice President, Commercial Banking Officer.

At left: Rich Solano, Corporate Treasurer; Samantha Howard, Vice President of Administration; Jim Steen, President; and Craig Brouette, Executive Vice President.



Pike Lumber provides fine, kiln-dried North American hardwood lumber for clients across the country and across the world. Its technology-driven production facilities enable the company to produce high quality lumber based on exacting customer specifications. Pike Lumber owns and manages forestland in Indiana, Ohio and Michigan, using university-trained foresters to improve and harvest timber according to sustainable forestry management methods. While Pike Lumber, in business since 1904, is Indiana's largest manufacturer and distributor of kiln-dried hardwood lumber, the company's growth has revolved around quality lumber and forest stewardship. "We

manage forestland—our own and our customers'—based first and foremost on good stewardship," said Jim Steen, President. "While we want to meet goals, including income, from the land we manage, we also look to sustain and improve forestland over time." Pike Lumber has worked with Lake City Bank since 1994. In addition to a line of credit, the bank also provides credit cards, Health Savings Accounts for employees, and a suite of technology-driven treasury management solutions. "We're pleased with our relationship with Lake City Bank," Steen said. "They understand our business and our needs very well."

Northern Indiana Axle and Financial Wellness Partner Program

ACTIVE SINCE 2019

lotron Industries USA

COLUMBIA CITY | CLIENT SINCE 2010



Above, left to right: Ken Mullet, Owner; Kylee Coughenour, Financial Wellness Officer; Katina Stephenson, Assistant Vice President, Retail Banking Officer; Meg Waddell, Vice President, Retail Banking Regional Manager; Steven Mullet, Senior Production Manager; and Marcus Mullet, Purchasing Manager.

At left: Kylee Coughenour, Financial Wellness Officer; and Meg Waddell, Vice President, Retail Banking Regional Manager.



Above, left to right: Cameron Plew, Vice President, Commercial Banking Officer; Aaron Starkey, Vice President of U.S. Operations; Jeff Blakely, General Manager; Joe Kessie, Senior Vice President, Commercial South Regional Manager; and Tino Pereira, President and Chief Executive Officer.

At left: Aaron Starkey, Vice President of U.S. Operations; Jeff Blakely, General Manager; and Tino Pereira, President and Chief Executive Officer.

Northern Indiana Axle in Nappanee has been a Lake City Bank client since 1989. The company has been growing since Ken Mullet, Owner, purchased it in 1989, when the shop made axles for horse-drawn buggies in an all-manual process. Fast forward to today, and Northern Indiana Axle has expanded to a larger shop, more employees and nearly two dozen high-tech machining tools for producing a variety of parts. “We decided that we needed to get on with it or get out of it,” Mullet said. “We needed to expand our shop and our capabilities to compete.” Lake City Bank helped, providing business accounts, commercial loans, and personal accounts. More recently, the bank was able to provide something extra for Northern Indiana Axle’s employees—its new Financial Wellness Partner Program. “We developed this financial literacy

program because we knew our customers wanted to help employees succeed financially in addition to succeeding at work,” said Meg Waddell, Vice President, Retail Banking Regional Manager, who led the team that developed the program. “We’ve trained team members in every branch to deliver workshops related to financial wellness.” The program, offered at no cost, includes 14 different topics. Employers can choose to offer any number of workshops and Lake City Bank will lead the class and provide all the materials. “We’ve had a great response to the program,” Waddell said. “It’s a benefit that employers can offer at no cost to them, and it can really make a difference for employees. We’re very happy with that.”

lotron Industries USA partnered with Lake City Bank right from the start when it decided to locate in Indiana in 2010. lotron uses electron beam technology, including its patented IMPELA® service, to sterilize materials using a process that produces no waste since it is powered by electricity (unlike methods that use radioactive or other hazardous materials). Northern Indiana has proven to be a good location for the company, as its technology is particularly well suited to sterilization of medical equipment and agricultural products, both important industries in the area. lotron was looking for the right financial partner when it moved to the area, and Lake

City Bank had the collaborative, family environment they were looking for. “We see Lake City Bank as a trusted partner and like how the bank focused on developing a sustainable long-term relationship with us,” said Tino Pereira, President and Chief Executive Officer. “Cameron and Joe provide great support and connection with an intent to help us grow our business. They’re responsive and receptive to the goals we want to accomplish.” lotron looks to Lake City Bank to provide commercial loans and deposits and technology-driven treasury management solutions, in addition to personal accounts.

Five Year Summary of Financial Highlights

(in thousands, except share and per share data)

End of Period Balances	2019	2018	2017	2016	2015
Assets	\$4,946,745	\$4,875,254	\$4,682,976	\$4,290,025	\$3,766,286
Deposits	4,133,819	4,044,065	4,008,655	3,577,912	3,183,421
Loans, net of Deferred Fees	4,065,828	3,914,745	3,818,459	3,470,927	3,080,929
Allowance for Loan Losses	50,652	48,453	47,121	43,718	43,610
Total Equity	598,100	521,704	468,667	427,067	392,901

Average Balances

Assets	2019	2018	2017	2016	2015
Total Assets	\$4,941,904	\$4,758,392	\$4,443,106	\$4,039,719	\$3,597,190
Earning Assets	4,656,707	4,461,366	4,183,112	3,799,963	3,384,178
Investments - Available-for-Sale	603,580	562,385	530,275	493,656	476,153
Loans, net of Deferred Fees	3,974,532	3,843,912	3,610,908	3,225,635	2,885,568
Liabilities and Equity					
Total Deposits	\$4,242,524	\$4,093,894	\$3,757,209	\$3,477,816	\$3,088,598
Interest Bearing Deposits	3,298,406	3,235,867	2,967,902	2,753,466	2,478,674
Interest Bearing Liabilities	3,390,512	3,382,507	3,178,439	2,872,691	2,589,915
Total Equity	562,601	487,062	450,796	416,034	378,106

Income Statement Data

Net Interest Income	\$155,047	\$151,271	\$135,892	\$118,481	\$105,927
Net Interest Income - Fully Tax Equivalent	157,176	153,088	139,015	120,719	107,902
Provision for Loan Loss	3,235	6,400	3,000	1,150	0
Non Interest Income	44,997	40,302	36,040	32,864	31,479
Non Interest Expense	89,424	86,229	79,298	72,978	68,206
Net Income	87,047	80,441	57,330	52,084	46,367

Per Share Data

Basic Net Income Per Common Share	\$3.40	\$3.18	\$2.28	\$2.08	\$1.86
Diluted Net Income Per Common Share	3.38	3.13	2.23	2.05	1.84
Cash Dividends Per Common Share	1.16	1.00	0.85	0.73	0.63
Dividend Payout	34.32%	31.95%	38.12%	35.61%	34.36%
Book Value Per Common Share	\$23.34	\$20.62	\$18.60	\$17.01	\$15.74
Basic Weighted Average Common Shares Outstanding	25,588,404	25,288,533	25,181,208	25,056,095	24,926,354
Diluted Weighted Average Common Shares Outstanding	25,758,893	25,727,831	25,663,381	25,460,727	25,245,569

Key Ratios

Return on Average Assets	1.76%	1.69%	1.29%	1.29%	1.29%
Return on Average Total Equity	15.47%	16.51%	12.72%	12.52%	12.26%
Average Equity to Average Assets	11.38%	10.24%	10.15%	10.30%	10.51%
Net Interest Margin	3.38%	3.43%	3.33%	3.18%	3.19%
Efficiency	44.70%	45.01%	46.11%	48.22%	49.64%
Net Charge Offs to Average Loans	0.03%	0.13%	-0.01%	0.03%	0.09%
Loan Loss Reserve to Total Loans	1.25%	1.24%	1.23%	1.26%	1.42%
Loan Loss Reserve to Nonperforming Loans	270.58%	667.40%	500.91%	653.31%	334.04%
Nonperforming Assets to Total Loans	0.47%	0.19%	0.25%	0.20%	0.43%

The following selected data has been taken from the Company's consolidated financial statements. Refer to Lakeland Financial Corporation's Annual Report on Form 10-K for the year 2019 for a complete set of consolidated financials.

Condensed Consolidated Balance Sheets

(Years ended December 31)

(in thousands, except share data)

Assets	2019	2018
Cash and due from banks	\$68,605	\$192,290
Short-term investments	30,776	24,632
Total cash and cash equivalents	99,381	216,922
Securities available-for-sale (carried at fair value)	608,233	585,549
Real estate mortgage loans held-for-sale	4,527	2,293
Total loans	4,065,828	3,914,745
Less: Allowance for loan losses	50,652	48,453
Net Loans	4,015,176	3,866,292
Land, premises and equipment, net	60,154	58,097
Bank owned life insurance	83,848	77,106
Federal Reserve and Federal Home Loan Bank stock	13,772	13,772
Accrued interest receivable	15,391	15,518
Goodwill	4,970	4,970
Other assets	41,293	34,735
Total Assets	\$4,946,745	\$4,875,254

Liabilities

Non Interest bearing deposits	\$983,307	\$946,838
Interest bearing deposits	3,150,512	3,097,227
Total deposits	4,133,819	4,044,065
Accrued interest payable and other liabilities	44,826	33,002
FHLB advances and other borrowings	170,000	245,555
Subordinated debentures	0	30,928
Total Liabilities	4,348,645	4,353,550

Stockholders' Equity

Common stock: 90,000,000 shares authorized, no par value	114,858	112,383
Retained earnings	475,247	419,179
Accumulated other comprehensive income (loss)	12,059	(6,191)
Treasury stock	(4,153)	(3,756)
Total Stockholders' Equity	598,011	521,615
Total Noncontrolling Interest	89	89
Total Equity	598,100	521,704
Total Liabilities and Stockholders' Equity	\$4,946,745	\$4,875,254
End of period shares issued	25,623,016	25,301,732
End of period shares outstanding	25,444,275	25,128,773

Report of Independent Registered Public Accounting Firm

See Annual Report on Form 10-K

Stockholders and the Board of Directors of Lakeland Financial Corporation, Warsaw, Indiana

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of Lakeland Financial Corporation as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019 (not presented herein); and in our report dated February 24, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the December 31, 2019 consolidated financial statements from which it has been derived.

Crowe LLP, South Bend, Indiana, February 24, 2020

Condensed Consolidated Statements of Income

(Years ended December 31)
(in thousands, except for share and per share data)

Interest Income

Interest and fees on loans	\$197,684	\$182,265	\$151,024
Interest and dividends on securities			
Taxable	8,909	9,717	9,218
Tax exempt	7,127	6,079	5,102
Interest on short-term investments	1,490	909	354
Total Interest Income	215,210	198,970	165,698

Interest Expense

Interest on deposits	57,148	44,913	27,026
Interest on FHLB advances and other borrowings	3,015	2,786	2,780
Total Interest Expense	60,163	47,699	29,806

Net Interest Income

Provision for loan losses	3,235	6,400	3,000
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Net Interest Income After Provision for Loan Losses

	151,812	144,871	132,892
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Non-interest Income

Wealth advisory and investment brokerage income	8,522	7,802	6,754
Service charges on deposit accounts	15,717	15,831	13,696
Loan and service fees	9,911	9,291	7,900
Merchant card fee income	2,641	2,461	2,279
Bank owned life insurance income	1,890	1,244	1,768
Mortgage banking income	1,626	1,150	982
Net securities gains (losses)	142	(50)	32
Other income	4,548	2,573	2,629
Total Non Interest Income	44,997	40,302	36,040

Non-interest Expense

Salaries and employee benefits	49,434	48,353	45,306
Occupancy and equipment expense	10,816	10,392	9,224
Data processing fees and supplies	10,407	9,685	8,233
Other expense	18,767	17,799	16,535
Total Non Interest Expense	89,424	86,229	79,298

Income Before Income Tax Expense

Income tax expense	20,338	18,533	32,304
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Net Income

	\$87,047	\$80,411	\$57,330
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BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	25,588,404	25,288,533	25,181,208
BASIC EARNINGS PER COMMON SHARE	\$3.40	\$3.18	\$2.28
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	25,758,893	25,727,831	25,663,381
DILUTED EARNINGS PER COMMON SHARE	\$3.38	\$3.13	\$2.23

See Annual Report on Form 10-K

Corporate Information

Nature of Business

Lakeland Financial Corporation is a \$4.9 billion bank holding company located in Warsaw, Indiana. Lake City Bank, its single bank subsidiary, is the sixth largest bank headquartered in the state and the largest bank 100% invested in Indiana. Lake City Bank operates 50 offices in Northern and Central Indiana, delivering technology-driven and client-centric financial services solutions to individuals and businesses.

Headquarters

Lakeland Financial Corporation
202 E Center Street
Warsaw, IN 46580
(574) 267-6144
(800) 827-4522
lakecitybank.com

Annual Meeting

Tuesday, April 14, 2020
4:30 p.m. – Annual meeting followed by a reception
Embassy Theatre
125 W Jefferson Boulevard, Fort Wayne, IN 46802

Common Stock Listing

Lakeland Financial Corporation common stock is traded on the Nasdaq Global Select Market under the symbol "LKFN."

Market Makers

Robert W. Baird & Co. Incorporated
Bofa Securities, Inc.
Cantor Fitzgerald & Co.
Citadel Securities LLC
Cowen and Company, LLC
Canaccord Genuity Inc.
Canaccord Genuity LLC
Citadel Derivatives Group LLC
D.A. Davidson & Co.
G1 Execution Services, LLC
Goldman, Sachs & Co. LLC
GTS Securities LLC
Janney Montgomery Scott Inc.
IMC Financial Markets
Jefferies LLC
Keefe, Bruyette & Woods, Inc.
Keybanc Capital Markets Inc.
Maxim Group LLC
Morgan Stanley & Co. LLC
OTA LLC
VIRTU Americas LLC
Piper Sandler & Co.
Puma Capital, LLC
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
SG Americas Securities, LLC
Two Sigma Securities, LLC
Stephens, Inc.
Susquehanna Securities
Stifel, Nicolaus & Company, Incorporated
Susquehanna Financial Group, LLP
UBS Securities LLC
Wall Street Access
Wells Fargo Securities, LLC
Wolverine Securities, LLC
Latour Trading LLC

Stock Transfer Agent and Registrar

American Stock Transfer and Trust Company
6201 15th Avenue
Brooklyn, NY 11219
(800) 937-5449
(718) 236-4588 fax
info@astfinancial.com
astfinancial.com

Dividend Reinvestment and Stock Purchase Plan

Lakeland Financial Corporation offers stockholders a convenient way to increase their investment through the Lakeland Financial Dividend Reinvestment and Stock Purchase Plan. Under the plan, investors can elect to acquire Lakeland Financial shares in the open market by reinvesting dividends and through optional cash payments. Lakeland Financial absorbs the fees and brokerage commissions on shares acquired through the plan. To obtain a plan prospectus and authorization form, call Tina Rensberger at (800) 827-4522. The plan prospectus is also available on the company's website at lakecitybank.com.

Direct Deposit of Dividends

The direct deposit program, which is offered at no charge, provides for automatic deposit of quarterly dividends directly to a checking or savings account. For information regarding this program, call Tina Rensberger at (800) 827-4522.

Form 10-K and Other Financial Reports

The company maintains a website at lakecitybank.com. The company makes available free of charge on this site its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the Securities and Exchange Commission. The company will also provide copies of its filings free of charge upon written request to:

Lakeland Financial Corporation
Attn: Investor Relations
PO Box 1387
Warsaw, IN 46581-1387

Corporate Governance

Lakeland Financial Corporation corporate governance documents are available on the company's website at lakecitybank.com or may be obtained in print form by contacting Tina Rensberger at (800) 827-4522.

Independent Registered Public Accounting Firm

Crowe LLP
330 E Jefferson Boulevard
PO Box 7
South Bend, IN 46624-0007

Corporate Counsel

John Freechack
Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 W Madison Street
Suite 3900
Chicago, IL 60606

Lake City Bank Officers

Management Committee

David M. Findlay
President &
Chief Executive Officer

Michael E. Gavin
Executive Vice President
Chief Credit Officer

Lisa M. O'Neill
Executive Vice President
Chief Financial Officer

Eric H. Ottinger
Executive Vice President
Commercial Banking

Kristin L. Pruitt
Executive Vice President
Chief Administrative Officer

Jill A. DeBatty
Senior Vice President
People Development

J. Rickard Donovan
Senior Vice President
General Counsel

Stephanie R. Leniski
Senior Vice President
Retail Banking

Jonathan P. Steiner
Senior Vice President
Wealth Advisory Group & Brokerage

Brokerage

Vice President

Scott M. Hartman
Adam C. Johnston

Officer

Zachary A. Fiantt
Lori A. Richcreek

Commercial Banking

Senior Vice President—Regional Manager

Todd A. Bruce
Joseph F. Kessie
William R. Redman
J. Chad Stoltzfus
Camalyn M. Treadway

Vice President

Ronald L. BonDurant
Gregory C. Brown
Nathan R. Conley
Amy M. Counts
Grant N. Daily
David E. Davis
John F. Dietzen
David S. Frey
Chad A. Glassburn
Keith B. Goodman
Ryan L. Hart
Matthew J. Highbarger
Ryan J. Hoffman
Rodney B. Hooley
Karese E. Kitch
Gregory W. Lentz
Cory E. McClarnon
Patricia T. McNarney
Gavin S. Miller
Everett L. Nifong
Cameron V. Plew
Michael J. Ryan
Timothy M. Schlichte
D. Andrew Skaggs
Eric J. Steenman
Nicholas A. Toney
Steven J. Troike
Marshall C. Weadick
Christopher W. Wiggins
Amber M. Wolfer

Assistant Vice President

Holly A. Davis
Cari J. Juillerat
Kris J. Kerlin
Sara B. Millsbaugh
Kevin R. Poe
Nathan R. Poe
Stacy M. Richardson
Robin R. Ritchie

Officer

Corbin J. Holtsberry
Kelsey M. Jenkins
Luke C. Mungovan
Elizabeth A. Schmidlin

Consumer & Home Loans

Senior Vice President

Kirtus D. Murray

Vice President

Craig R. Atz
Denise M. Brennan
Sabrina N. Brown
Scott B. Bucher
Glenn A. Goudey
Jodi L. Hammond
Jeffery W. Krusenklau
W. John Pritz
Mark R. Rensner
Sue L. Sands

Assistant Vice President

Holly N. Clevenger
Chad J. Clinton
Anna A. Jimenez
Kristi L. Manwaring
Sarah J. Miller-Bontrager
Todd E. Pequinot
Amanda M. Tom
J. Mark Ulrich

Officer

Heidi B. Bruner

Corporate & Institutional Services

Senior Vice President

Douglas R. Samuels

Vice President

Anna N. Corkill
Melanie A. McIntyre
Sheena L. White
Tabitha A. Williamson

Assistant Vice President

Michelle L. Harris

Officer

Tiffany R. Peterson
Grant R. Toney

Credit Administration

Senior Vice President

Kimberly A. Hooley
H.A. "Rocky" Meyer

Vice President

Ronald E. Cotton
Bradford S. Grabow
Benjamin A. Rice
Donald J. Robinson-Gay

Assistant Vice President

David J. Curry
Amanda R. Ellsworth
Justin T. Hayes
Megan E. Ottinger
Matthew R. Smith

Officer

Joseph D. Burtette
Jeffrey L. Wyckoff

Executive Administration

Officer

Tina A. Rensberger

Finance & Treasury

Senior Vice President

Jennifer M. Hurford—Treasurer
Brok A. Lahrman—Chief Accounting Officer

Vice President

Melissa D. Davison
Brian M. Lamb
Ryan D. Neese

Assistant Vice President

Stacy L. Price
Becka J. Turnbow
Beth A. Weber

Officer

Samantha D. Ducey

Marketing

Vice President—Manager

Mary S. Horan

Vice President

Cindy A. Bateman

Assistant Vice President

Caitlin E. Steiner

Operations

Senior Vice President

Lisa A. Fulton

Vice President

Lili A. Dailey
Shannan L. Hepler
Jan R. Martin
Eric D. Wagoner

Assistant Vice President

Leslie R. Baker
Sherri L. DiRico
Tana J. Johnson
Miranda R. Jordon
Karla J. Kroll
Natalie M. Ousley

Officer

Christine M. Himes
Ashley R. Hite
Jennifer R. Hochstetler
Cynthia L. Montel
Jennifer L. Mosier

People Development

Vice President

Alice G. Hitchcock
Kathleen M. Keirn
Tori L. Platt

Assistant Vice President

Ana Karina Cervantes
Vicki J. Jones
Mary A. Lepird

Officer

Rhonda K. Frank
Brianna D. Kreczmer

Property Management

Vice President

Rick Hatcher

Officer

Richard A. Hoover

Retail Banking

Retail Banking Advisor

Kevin L. Deardorff

Senior Vice President—Regional Manager

Bruce A. Wright

Vice President—Regional Manager

Melissa J. Blosser
Karen A. Francis
Sara B. Hill

Pamela F. Messmore
Margaret A. Waddell

Officer

Kylee M. Coughenour
Megan L. Sutter

Risk Management

Senior Vice President

Matthew D. VanDeWiele

Vice President

Teresa A. Bartman
Gloria J. Crawford
Jeannine P. Draper Cooley
Candy A. Little
Amanda M. Longmire
Kyle G. Schmidt

Assistant Vice President

Kristin D. Brown
Aaron T. Connell
Eric D. Neuenschwander
Victoria L. Starr
Rafael M. Villalon

Officer

Wendy N. Brown
Hilda E. Cantu
Kristina R. Kiracofe
Kimberly A. Knoerzer
Dakotah B. Lantz
Ashley L. Pluta

Technology Services

Senior Vice President

Angela K. Ritchey

Vice President

Joanie L. Foreman
George H. Goodlink
Jolene D. Howard
Christopher D. Merrill
Donna J. Wolfe

Assistant Vice President

Lisa M. Bicknese
Jean A. Ciriello
Lisa S. Fitzgerald
Michele R. Ganser
Jill E. Garber
R. David Hume
Scot A. Karbach
Evan R. Kehr
Sean P. Raver
Melissa S. Rupe
Diane M. Wirth

Officer

Jordan M. Bell
Kimberly K. Matkke

Wealth Advisory Group

Senior Vice President

Andrew R. Haddock
James D. Westerfield

Vice President

Randall J. Crouch
Richard A. Delks
Michelle L. Kindler
Jennifer I. King
Peggy L. Michel
Benjamin D. Shively
Reneta U. Thuraiatnam

Assistant Vice President

Lisa A. Mansberger
Leslie E. Rohrer

Officer

Steven B. Burnside
Deborah R. Cataldo
Calisa M. Doll

Lake City Bank Offices

Akron

Argos

Auburn

Bremen

Columbia City

Concord

Elkhart Beardsley

Elkhart East

Elkhart Northwest

Fishers

Fort Wayne Downtown

Fort Wayne Jefferson

Fort Wayne North

Fort Wayne Northeast

Fort Wayne Southwest

Goshen Downtown

Goshen South

Granger

Greenwood

Huntington

Indianapolis Clearwater

Indianapolis Downtown

Indianapolis Michigan Road

Indianapolis North

Jimtown

Kendallville

LaGrange

Ligonier Downtown

Ligonier South

Medaryville

Mentone

Middlebury

Milford

Mishawaka

Nappanee

North Webster

Pierceton

Plymouth

Rochester

Shipshewana

Silver Lake

South Bend Downtown

South Bend Northwest

Syracuse

Warsaw Downtown

Warsaw East

Warsaw North

Warsaw West

Winona Lake

L. Jane Murphy

Kimberly K. Vermillion

Rebekah K. Hefty

Sonia R. Teske

Carolyn M. Ross

Andrea R. Bowers

Rebecca L. Miller

Phillip G. Ensley

Alexandra L. Mitchell

Emily E. Wold

Dana L. Hess

Denise M. Ramsey

Bruce A. Wright

Robert J. Savage

Steve D. Schumacher

Philip W. Dwire, Jr.

Amy M. Weisman

Angela M. Daly

Rosa M. Alba

Margaret A. Waddell

Kathryn A. Smith

Joseph P. Waltermann

Paula J. Whiting

Derek L. Stinson

Jody M. Meyer

Terry L. Bradley

Sara B. Hill

Steven Colagrossi

Barbara E. Keene

Mareen L. Barton

Lori I. Cunningham

Jana L. Miller

Karen S. Scott

Karen A. Francis

Kimberly S. Orr

Lindsay N. Stanifer

Cheryl L. Luke

Fidencio Bueno

Katina A. Stephenson

Brenda S. Peterson

Kelli-Anna Cook

Carol D. Brown

Penny S. Ramsey

Jennifer M. Wilson

Sandra A. Nelson-Rowland

Melissa J. Blosser

Christina J. Myer

Mark A. Berta

Kimberly K. Strawbridge

Shelly R. Kammerer

Jennifer M. Orr

Pamela F. Messmore

Kathleen Madden

Sheryl L. Harlan

Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Retail Banking Officer

Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Assistant Retail Banking Officer

Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Retail Banking Officer

Senior Vice President, Regional Manager

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Regional Manager

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Regional Manager

Vice President, Retail Banking Officer

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Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Regional Manager

Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Regional Manager

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Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Assistant Vice President, Retail Banking Officer

Vice President, Regional Manager

Assistant Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer

Vice President, Retail Banking Officer



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