

Lakeland Financial Corporation

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

1st Quarter 2020



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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 with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements 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.

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. Additional information is included in the Company’s filings with the Securities and Exchange Commission.

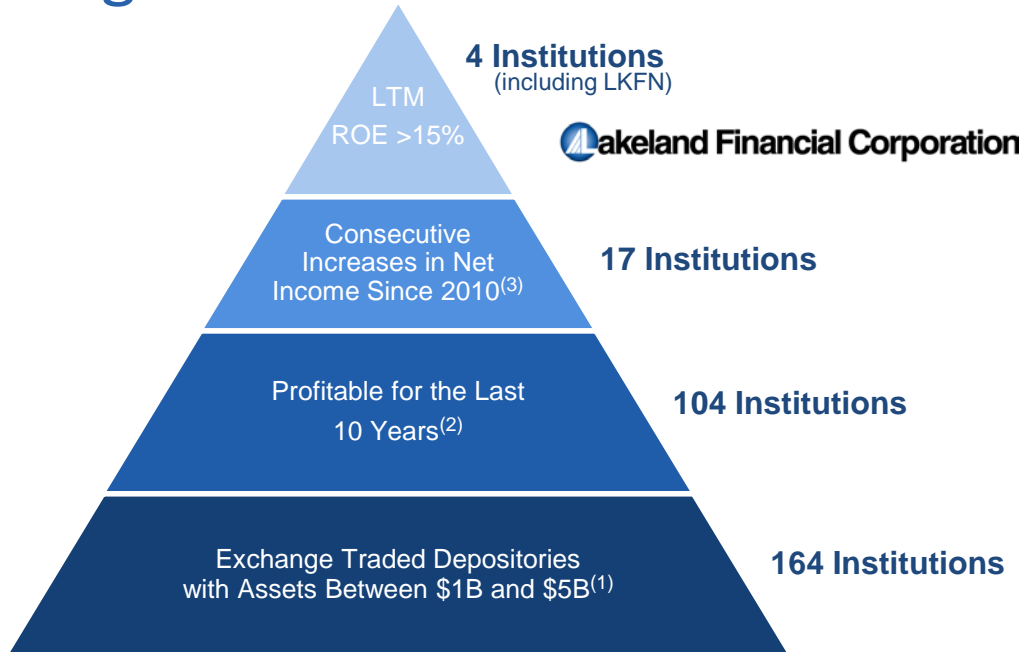
Factors that could have a material adverse effect on the Company’s financial condition, results of operations and future prospects can be found in the “Risk Factors” section of the prospectus included in the Registration Statement on Form S-1 filed on October 26, 2009, as amended under Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 and elsewhere in the Company’s periodic and current reports filed with the Securities and Exchange Commission. These factors include, but are not limited to, the effects of future economic, business and market conditions and changes, domestic and foreign, including competition, governmental policies and seasonality; legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by Company regulators, and changes in the scope and cost of FDIC insurance and other coverages; the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand and other interest sensitive assets and liabilities; the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses, analysis of capital needs and other estimates; changes in borrowers’ credit risks and payment behaviors; and changes in the availability and cost of credit and capital in the financial markets.

TOP 25 BANKS

Rank	Company Name	Ticker	State	Total Assets (\$millions)	Profitability				Capital Adequacy			Asset Quality			Final Score
					Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs/ Loans & REO (%)	NPA Rank	NCOs/ Avg Loans (%)	NCOs Rank	
1	RBB Bancorp	RBB	CA	1,691	1.84	4	12.99	23	14.09	10	0.21	18	-0.05	16	54.0
2	Bank of the Ozarks	OZRK	AR	21,276	1.92	3	12.06	40	13.38	13	0.24	23	0.07	132	133.5
3	Live Oak Bancshares	LOB	NC	2,758	2.11	1	15.66	8	15.71	3	0.33	35	0.21	227	143.0
4	Lakeland Financial Corp.	LKFN	IN	4,683	1.38	29	13.63	14	9.91	77	0.32	33	-0.01	32	152.5
5	Eagle Bancorp	EGBN	MD	7,479	1.61	11	12.60	30	11.45	34	0.42	59	0.06	108	158.5
6	Sterling Bancorp	SBT	MI	2,962	1.56	16	20.39	2	9.20	136	0.13	11	-0.04	22	170.5
7	FCB Financial Holdings	FCB	FL	10,677	1.40	24	12.43	34	10.33	67	0.34	37	0.00	56	171.5



Long Term Success for Shareholders



Source: S&P Global Market Intelligence. Financial data is as of December 31, 2019.

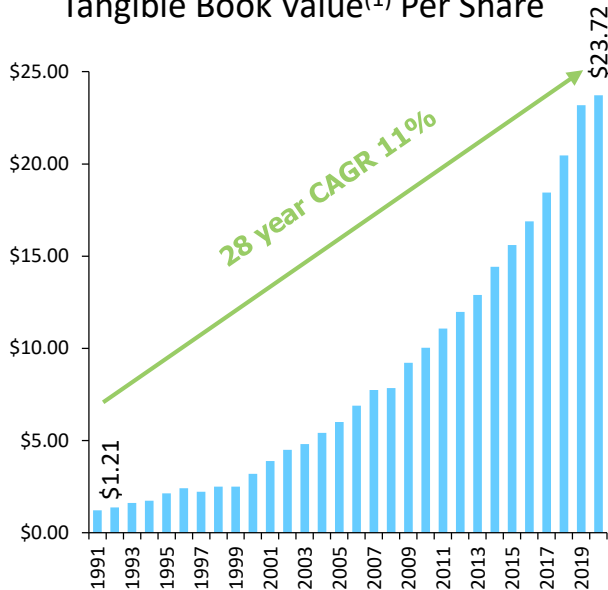
(1) Includes banks and thrifts traded on the NYSE, NYSEAM or NASDAQ as of 4/8/20; excludes merger targets.

(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, 2010 through December 31, 2019). 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.

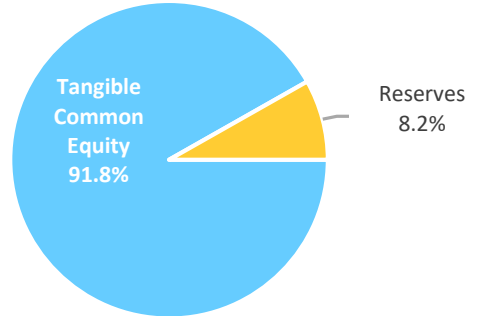
(3) Defined as consecutive increases in net income before extraordinary items for each of the years ending December 31, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019. Excludes any revaluation of net deferred tax assets due to tax reform per S&P Global Market Intelligence.

Strong Capital Structure

Tangible Book Value⁽¹⁾ Per Share



⁽¹⁾compounded annual growth rate computed from 1991-2019



Key Ratios and Per Share Data as of March 31, 2020

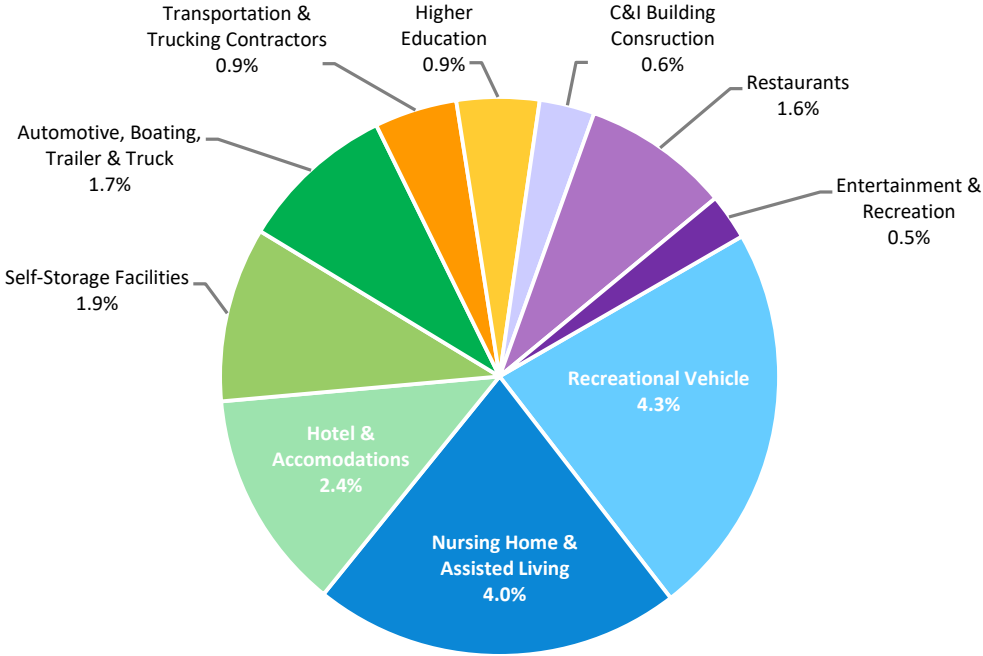
TCE/Tangible Assets	11.99%
Total Risk-Based	14.23%
Leverage	11.67%
Book Value	\$23.87
Tangible Book Value	\$23.72

COVID-19 Crisis Management

- Active Credit Risk Management
- COVID-19 Related Loan Deferrals
- Paycheck Protection Program
- Liquidity Preparedness
- Deferment of CECL Implementation

Active Credit Risk Management

Early Identification of Potential Risk Sectors



19% of Loan Portfolio as of March 31, 2020

COVID-19 Related Loan Deferrals

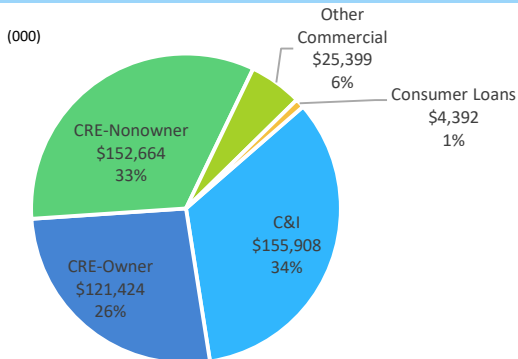
COVID-19 Loan Deferrals as of April 22, 2020

Type of Loan	# of Customers	Loans (000's)	% of total Loan Portfolio
Commercial	267	\$459,788	13%
Consumer	137	7,289	2%
Total	404	\$467,077	11%

Credit Risk Management Efforts

- Actively working with borrowers on COVID-19 loan deferral requests
- Ongoing scrutiny of potential risk sector clients and other emerging situations
- Accelerated planning for the upcoming semi-annual loan portfolio meetings in June

Commercial Deferrals by Loan Type



Commercial Deferrals by Risk Rating

Borrower Risk Rating	Deferred Loans (000's)	% of Loans Deferred
2	\$ 7,759	1.7%
3	27,347	5.9%
4	330,445	71.9%
5	68,962	15.0%
6	24,213	5.3%
7	1,062	0.2%
Total	\$ 459,788	100%

Paycheck Protection Program

100% of Customer Applications Approved

PPP Loans- Phase 1

Size of Loan	Number of Loans	% of Loan to Total # of Loans	\$ of Loans (000'S)	% of Loans to Total \$ of Loans
\$1 to \$24,999	383	23%	\$ 5,310	1%
\$25,000 to \$49,999	250	15%	9,190	2%
\$50,000 to \$99,999	281	17%	19,996	4%
\$100,000 to \$499,999	531	32%	117,880	22%
\$500,000 to \$999,999	100	6%	69,780	13%
\$1,000,000 to \$1,999,999	78	4%	109,198	21%
\$2,000,000 to \$4,999,999	47	3%	146,409	27%
\$5,000,000 & above	7	0%	52,414	10%
Total	1,677	100%	\$ 530,177	100%

PPP Highlights

Phase I:

- 1,677 Loans
- \$530 million
- Average loans size of \$316,000

Phase II:

- 509 Loans
- \$37 million
- Average loans size of \$72,000

Total:

- 2,186 Loans
- \$567 million
- Average loans size of \$259,000

Liquidity Preparedness

- Overall, line utilization has been stable in 2020
- Overall utilization rate of credit lines was 44% as of April 22, 2020 down from 48% as of March 31, 2020
- Expansion of funding sources has provided additional liquidity
- Liquidity availability of \$2.2 billion consists of access to:
 - FHLB Indianapolis
 - FRB Discount Window
 - FRB PPP Loan Facility
 - Brokered Deposits
 - Promontory Insured Cash Sweep
 - Federal Funds Lines

Deferment of CECL Implementation

- Incurred methodology provides:
 - The ability to leverage objective and subjective data analysis for the most accurate calculation
 - A tested and proven methodology to ensure the loan loss reserve is appropriately conservative
 - A loan-by-loan evaluation of non-impaired watch list loans
 - Investor clarity in understanding the appropriateness of the reserve compared to prior periods

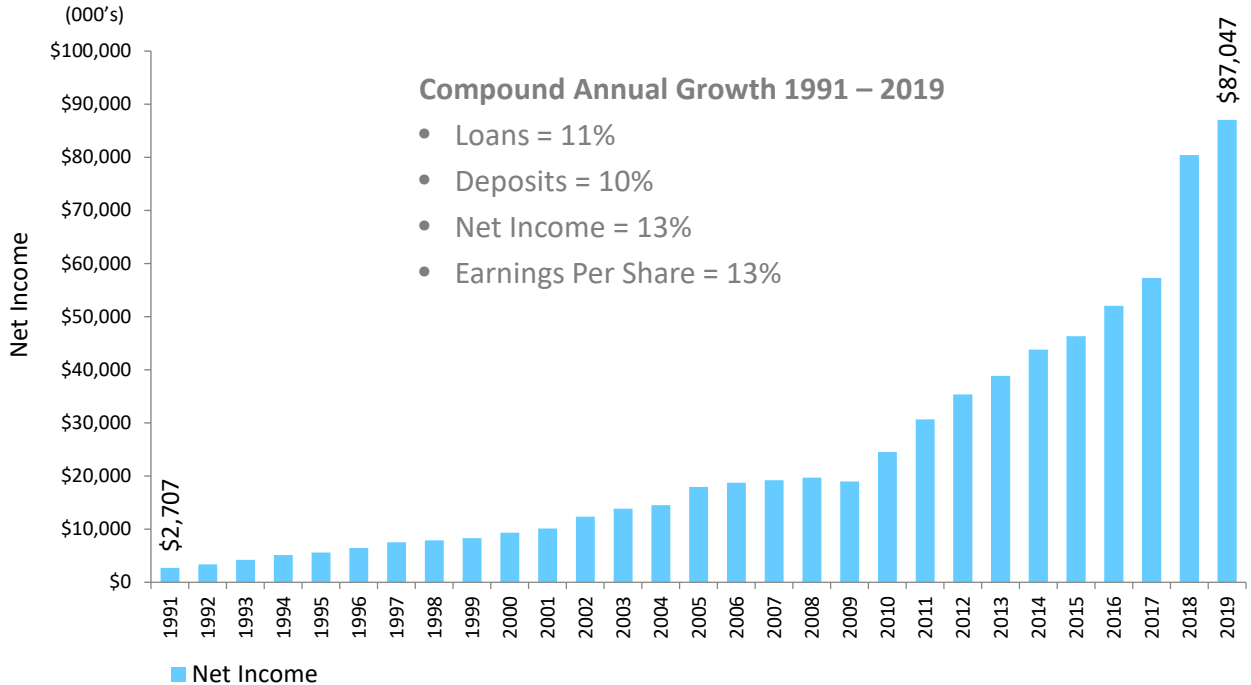
Lake City Bank Today

- A long-term and consistent organic growth story
- Headquartered in Warsaw, Indiana
- 50 branch offices - \$5.0 billion banking assets - \$2.2 billion trust and investment assets
- Focused on execution – “blocking and tackling”
- Continued growth potential



A Quarter Century of Organic Growth

Record Net Income for 30 of 31 Years

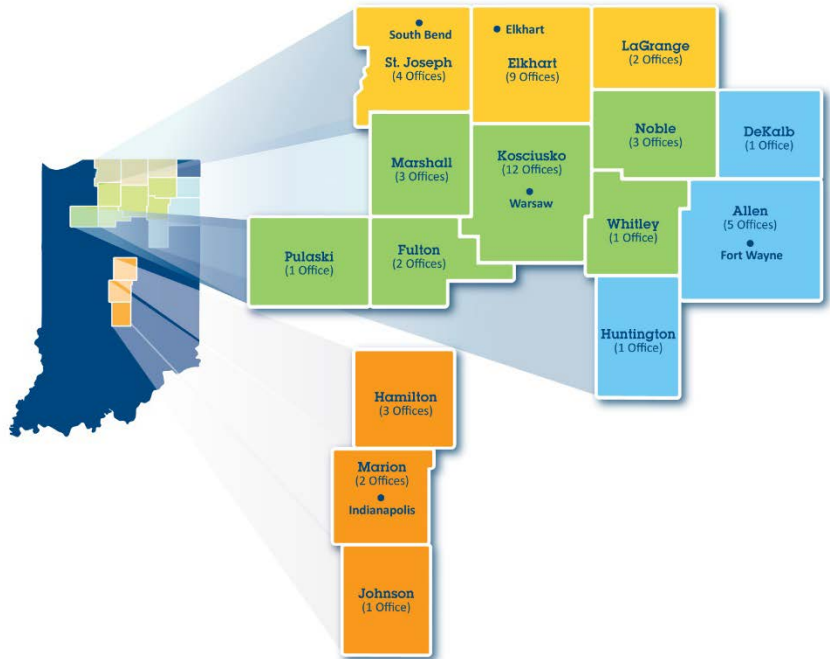


Established Market Presence

Organic Growth Potential in Mature and Developing Markets

Market Data

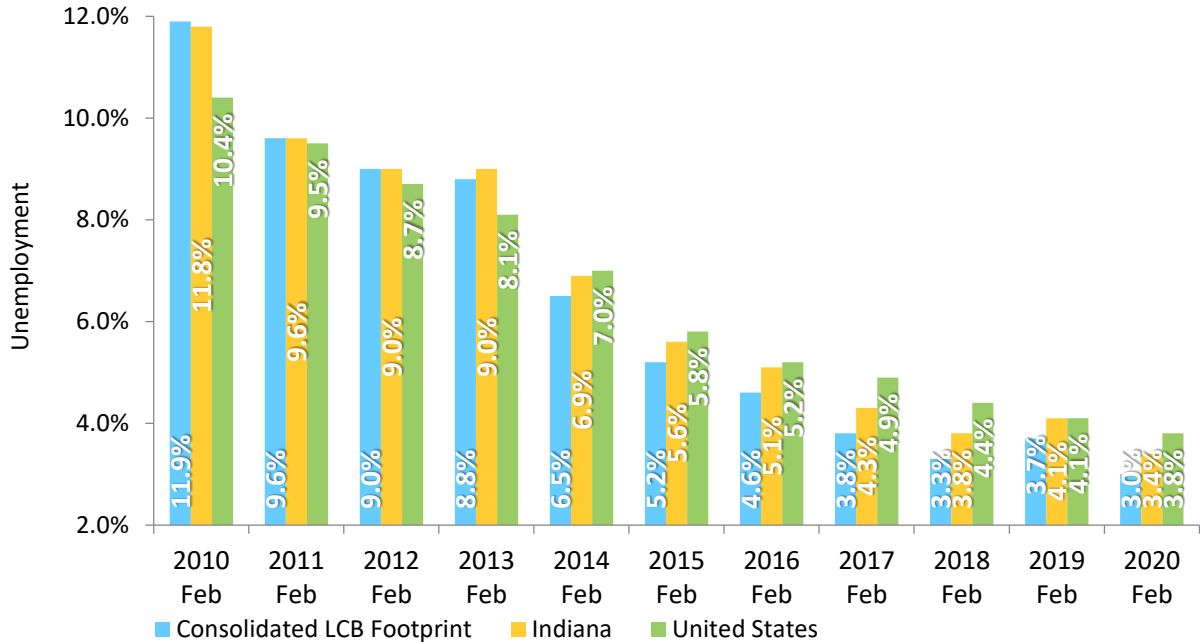
Warsaw – 1872 22 offices
Elkhart – 1990 11 offices
South Bend – 1997 4 offices
Fort Wayne – 1999 7 offices
Indianapolis – 2011 6 offices



Opening Date of First Office in Market

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

- 39 credit “smart” commercial bankers
- Average 20 years in banking & 9 years at Lake City Bank
- We live where we lend
- Face to face calling matters and is a team effort
- We understand our client 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

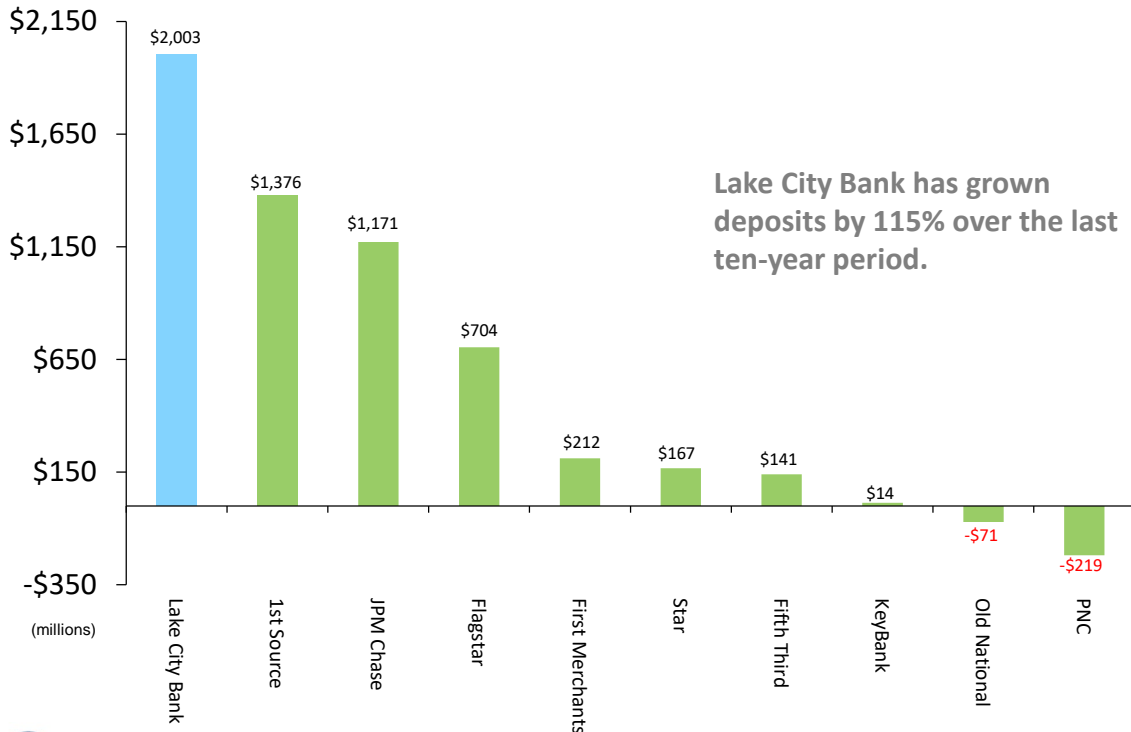
Lake City Bank Culture

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



Organic Growth 2009 - 2019

Mature¹ Market Deposit Performance

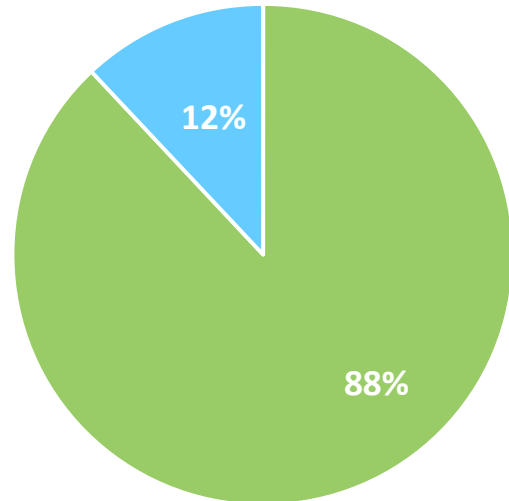


Organic Growth

Indianapolis Market Opportunity

Indianapolis Market Banks	Share of Market
1. JPM Chase	22%
2. PNC	14%
3. Fifth Third	9%
4. Huntington National	7%
5. First Internet Bank	7%
6. BMO Harris	7%
7. KeyBank	6%
8. Bank of America	6%
9. Merchants Bank	5%
10. National Bank of Indy	4%
16. Lake City Bank	1%

Deposit Market Share



■ Out of State ■ In State

- Marion, Hamilton and Johnson Counties as of 6/30/19; Source: FDIC Statistics

A Strong Environment for Growth and Expansion

- #1 manufacturing state in the country⁽¹⁾
- CNBC named Indiana as #1 state for infrastructure
- K-12 funding increased \$1 billion since 2017
- Net population in-migration in 2019
- Economic expansion of 1.25% in 2019⁽²⁾

(1) Based on per capita population

(2) Indiana University study

Core Deposit Funding

Core Deposits Fund Organic Loan Growth

- We focus on core deposit growth in retail, commercial and public funds
- Commercial deposit growth over 5 years is a 18% compounded annual growth rate
- We capitalize on market disruption in our footprint to grow deposits
- We emphasize checking account relationship products and flexible solutions
- We leverage demographic and lifestyle data
- Our omni channel media campaign is evolving

Commitment to Technology and Cyber Risk Management

Innovative and Competitive Technology is a Focus

- Technology partnership with FIS is strong – User Planning Council and Strategic Planning Advisory Council
- Fintech partnerships play a growing role in our technology strategy
- Mobile banking applications adoption accelerating in Retail and Commercial Banking
- Retail and Commercial platforms ensure competitive positioning
- Cybersecurity protection is a constant focus
- Data gathering and analysis playing an increasingly important role
- Branch strategies involve hardware and software innovations

Digital Solutions Growing Rapidly

Channel Utilization Over Three Year Horizon

Channel Type	Total Transactions 2016	% of Total	Total Transactions 2019	% of Total	Three Year Change
Branch Transactions	2,440,198	23%	2,279,975	18%	(7)%
ATM/ITM	754,695	7%	944,785	7%	25%
Online Logins	4,795,231	44%	5,058,317	40%	5%
Mobile Logins	2,432,634	23%	4,199,910	33%	73%
Telephone Banking	353,096	3%	265,475	2%	(25)%
Total	10,775,854	100%	12,748,462	100%	18%

Commitment to Technology and Cyber Risk Management

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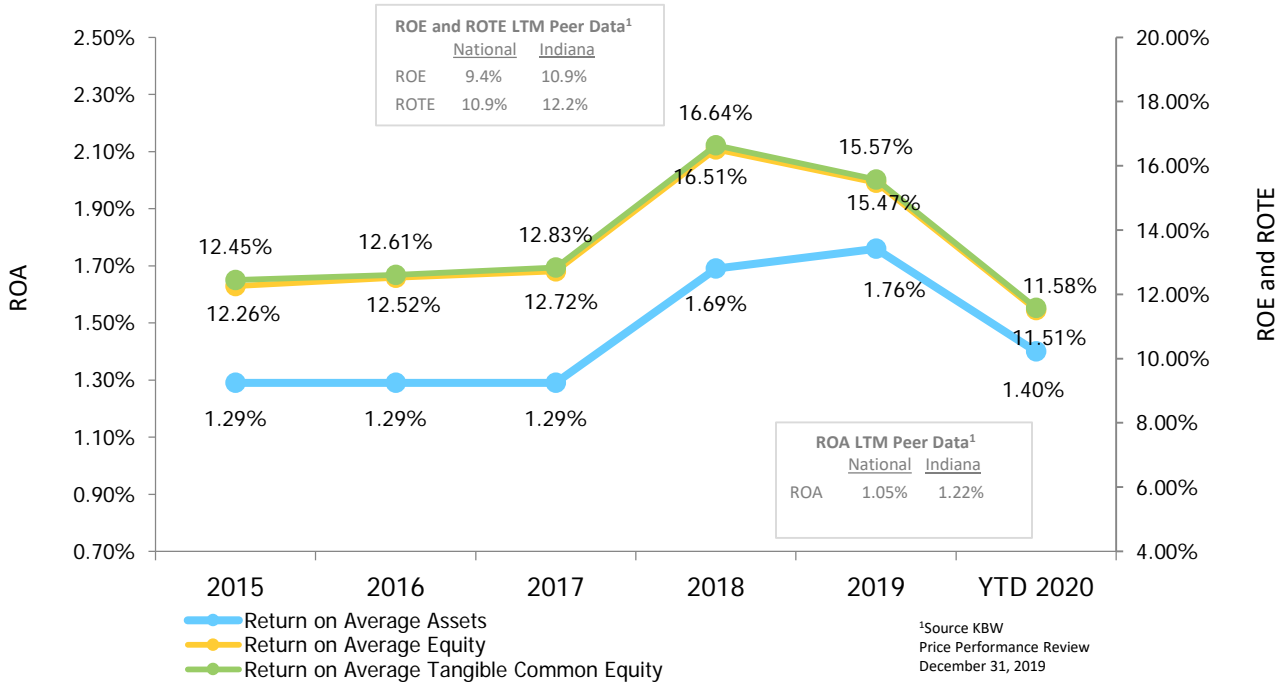
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Financial Performance

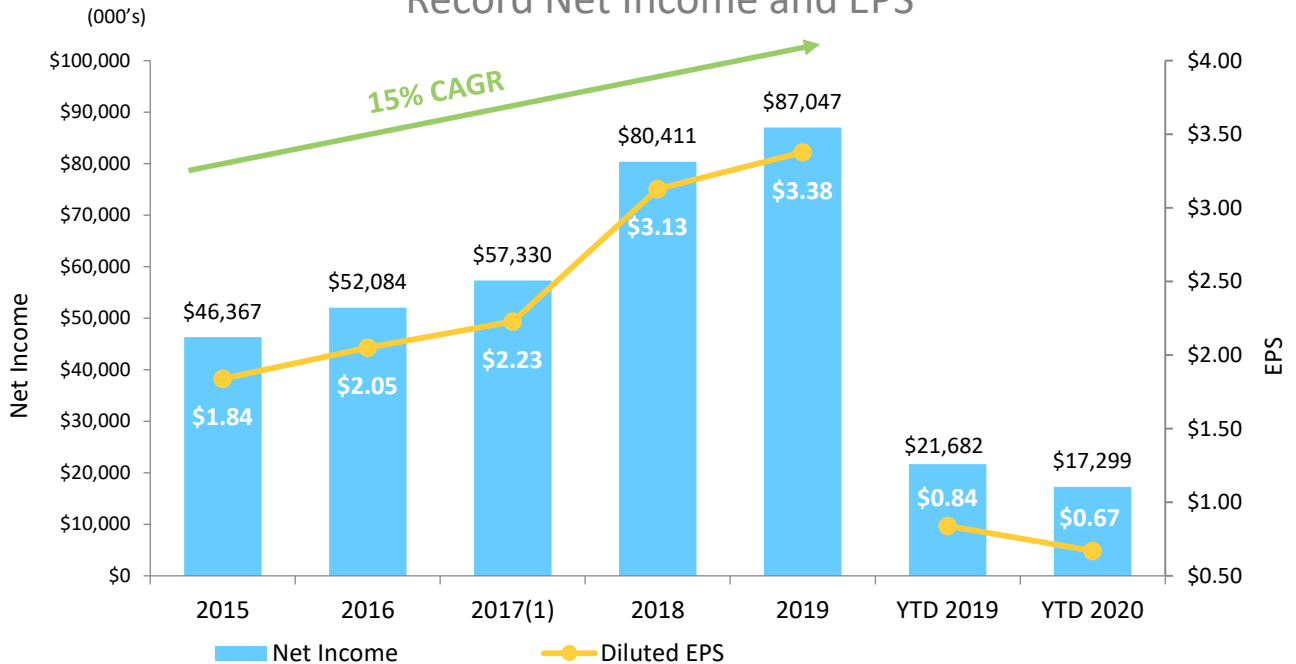
Income Performance Metrics

LKFN Performance Exceeds National and Indiana Peers



Net Income and EPS

Record Net Income and EPS

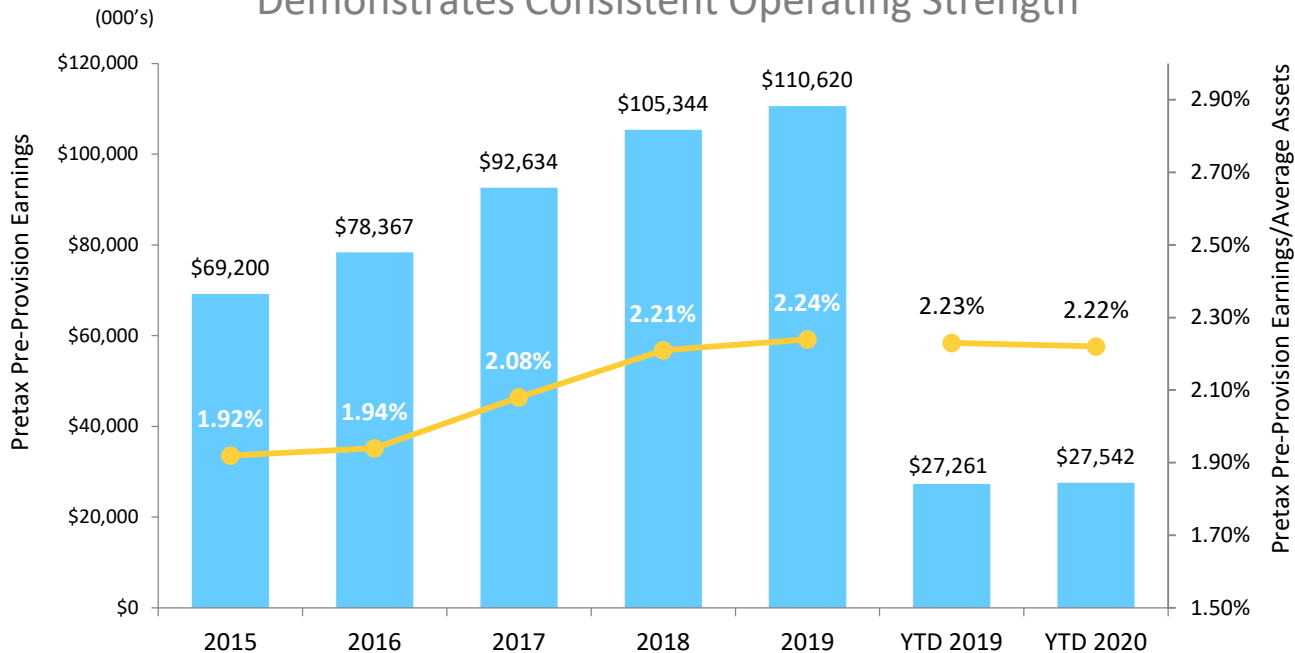


(1) Includes impact of tax reform of \$4.1 million income tax provision for 2017

2020 Net Income decline 20%
2020 Diluted EPS decline 20%

Pretax Pre-Provision Earnings

Demonstrates Consistent Operating Strength



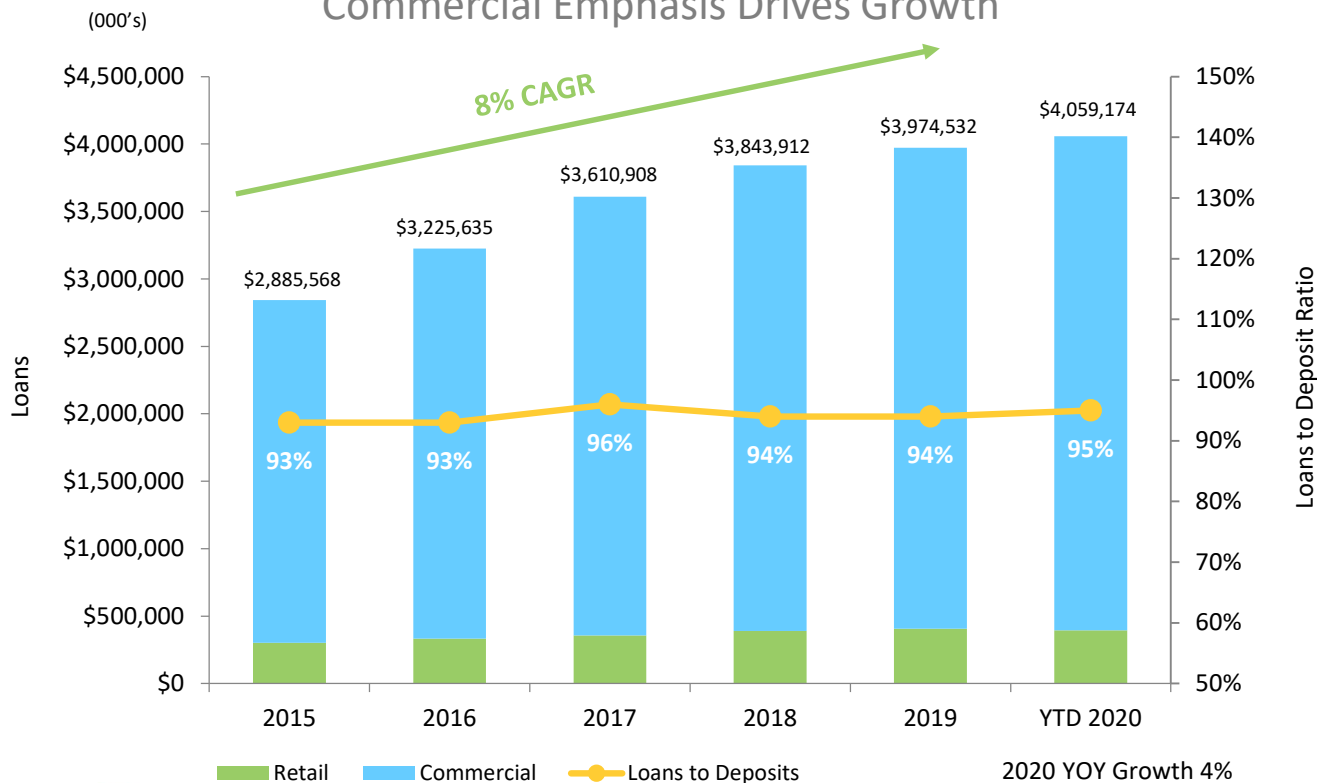
2020 Pretax Pre-Provision Earnings YOY Growth 1%



Note: Pretax Pre-Provision Earnings is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the First Quarter 2020 Earnings Press Release and Form 8-K.

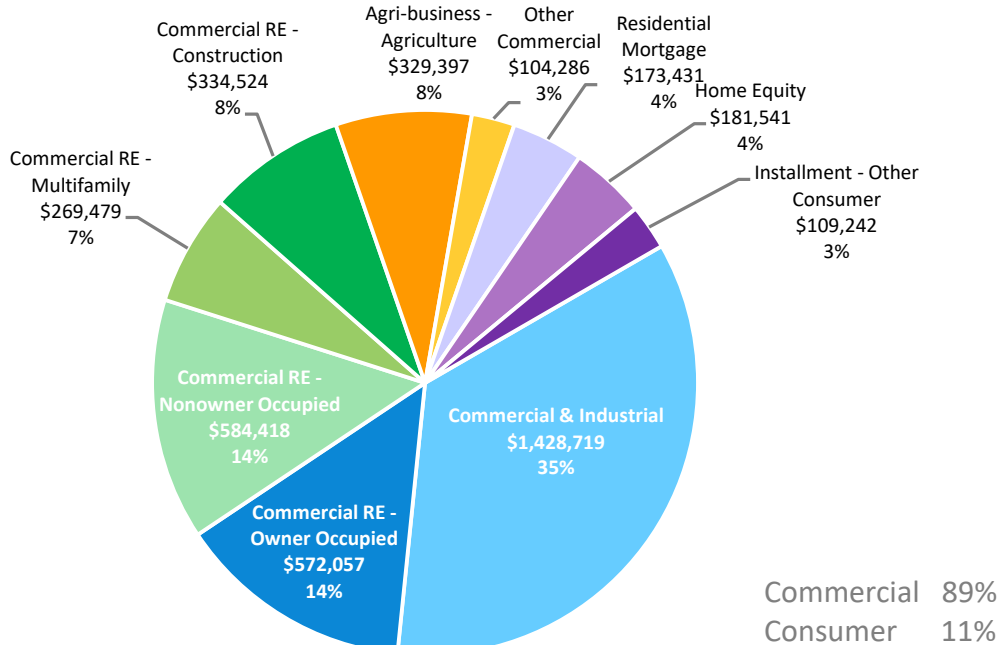
Average Loans

Commercial Emphasis Drives Growth



Loan Breakdown

C&I Drives Lending Business



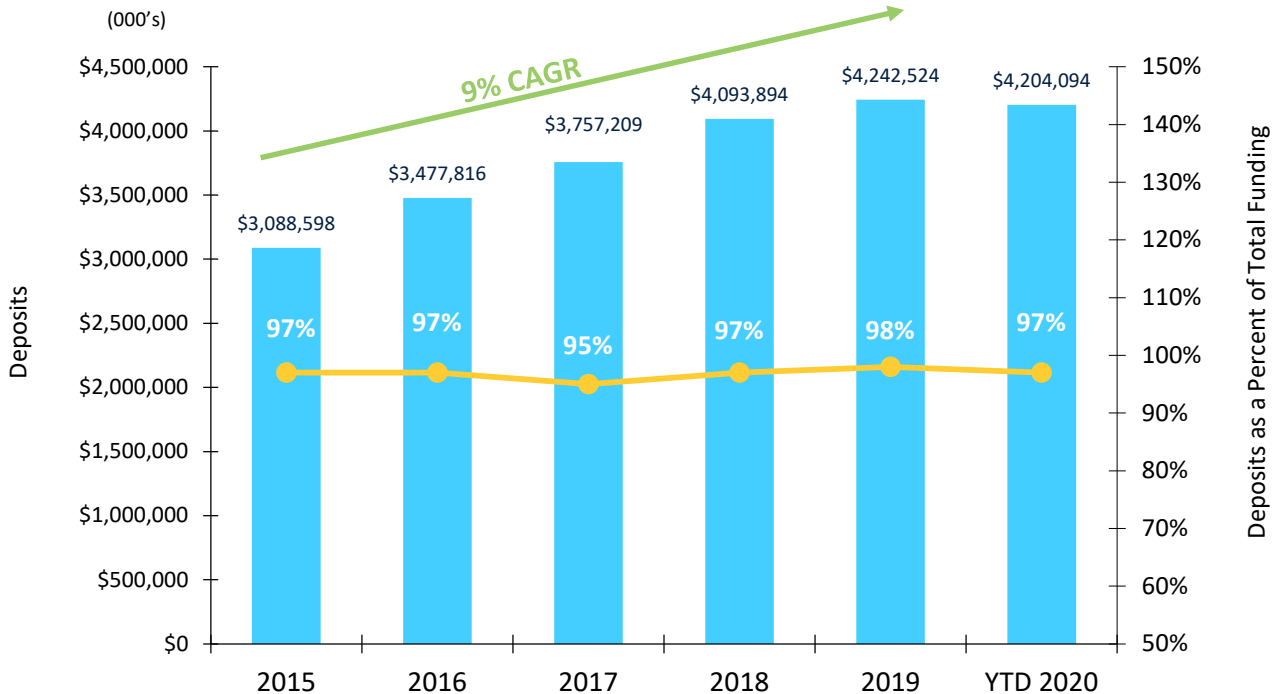
Commercial 89%
Consumer 11%

\$4.1 billion as of March 31, 2020

(000's)

Average Deposits

Core Deposits Grow by 5% or \$179 Million Year-over-Year



2020 YOY Growth 3%

Average Deposits

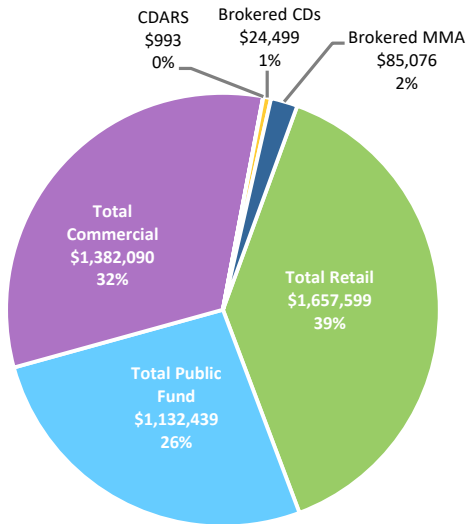
% of Funding



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

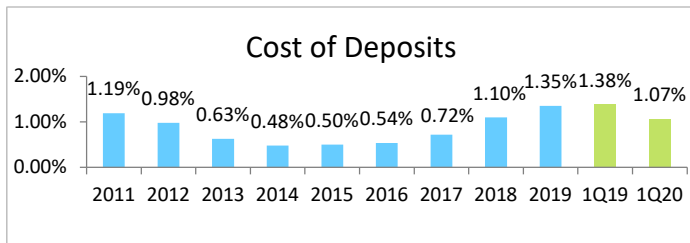
Deposit Breakdown

Deposit Growth Key to Franchise Value



March 31, 2020
Total Deposits - \$4.3 billion

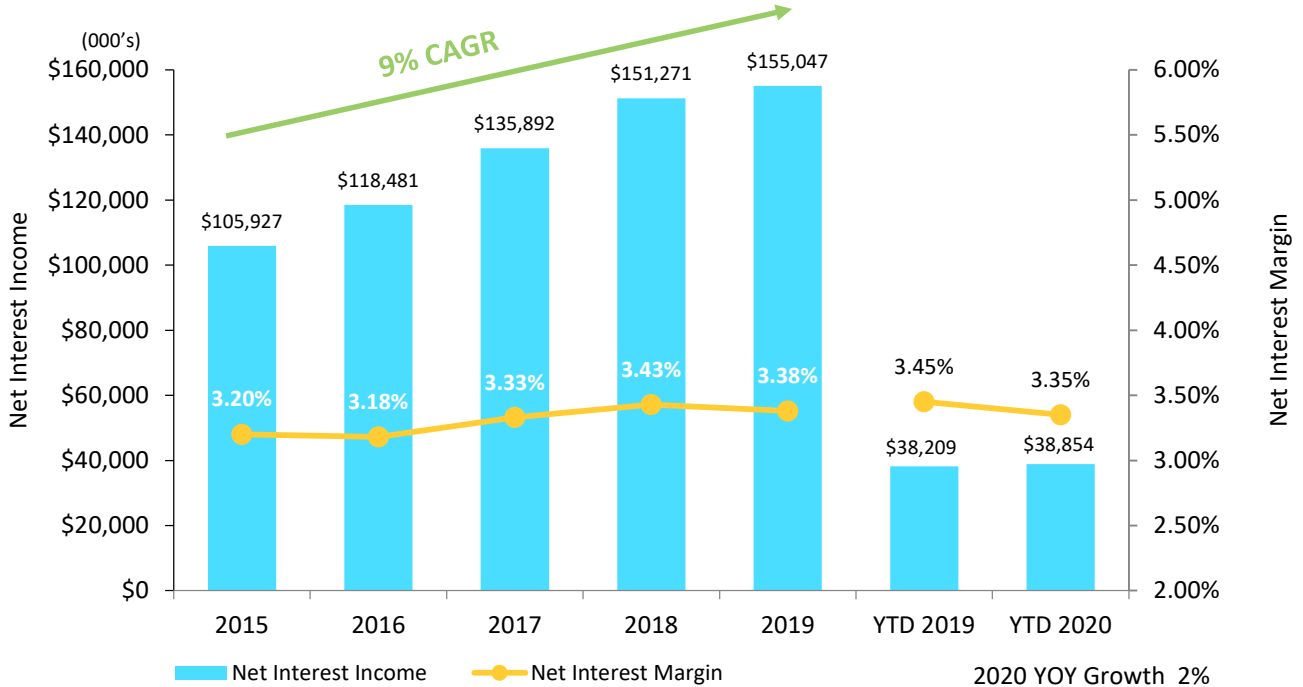
(000's)



Deposit Composition at end of period	2009	2020
Non-interest Bearing Demand Deposits	12%	25%
Interest Bearing Demand, Savings & MMA	34%	46%
Time Deposits > or = to \$100,000	35%	23%
Time Deposits < \$100,000	19%	6%
Total Deposits (billions)	\$1.9	\$4.3

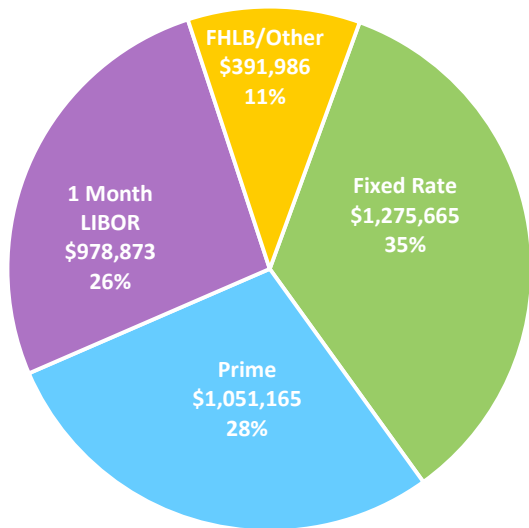
Net Interest Income

Loan Growth Driving Growth in Income



Interest Rate Sensitivity

Impact of FOMC Accommodative Policy on Commercial Loans:

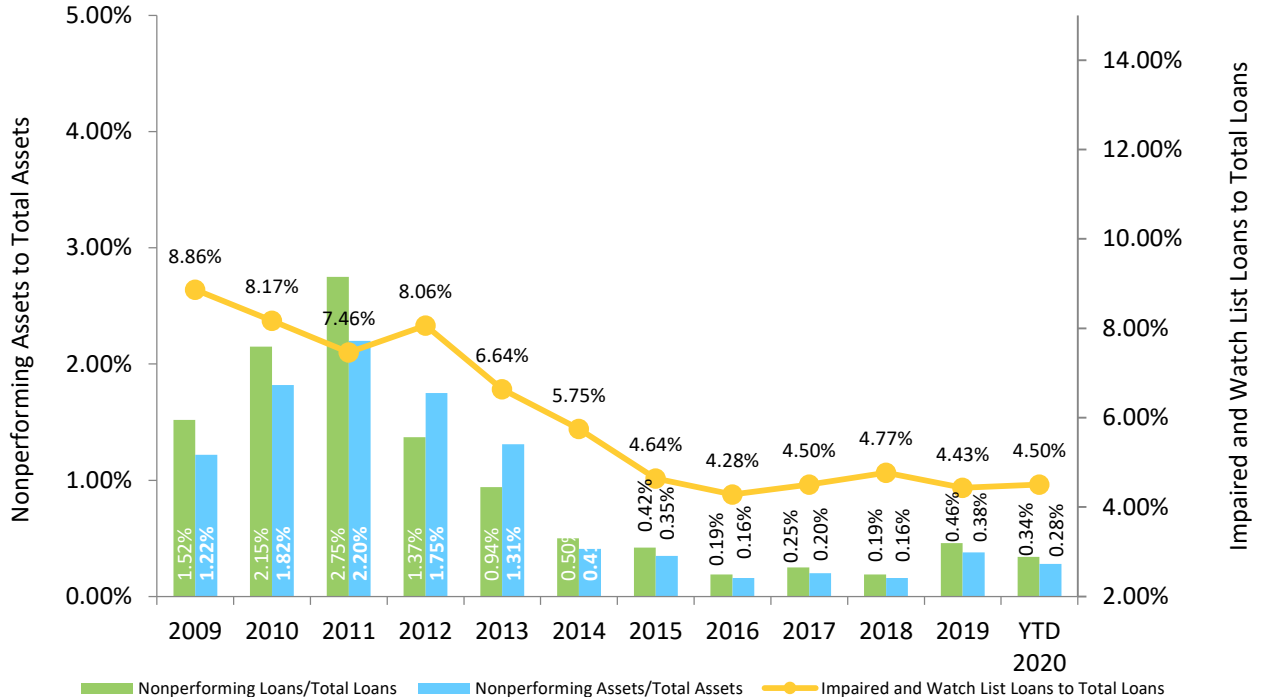


Commercial Loans
\$3.7 billion as of March 31, 2020
(000's)

- Proactive deposit pricing reductions concurrent with FOMC easing
- 56% of Public Funds are tied to Fed Funds effective rate
- 89% of loan portfolio consists of commercial loans
- Fixed rate commercial loans have average terms of 5 years
- 23% of variable rate loans have floors
- Investment portfolio duration is 4.64 years

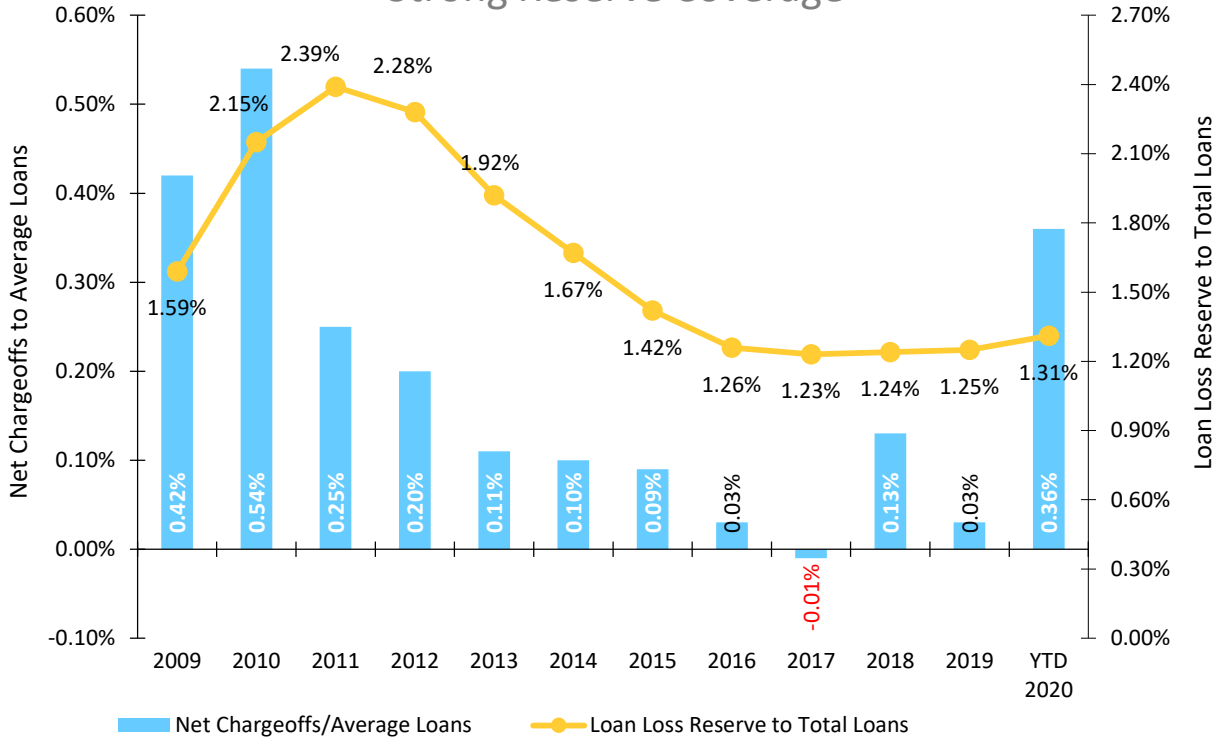
Asset Quality

Nonperforming Levels Reflect Economic Strength of Markets



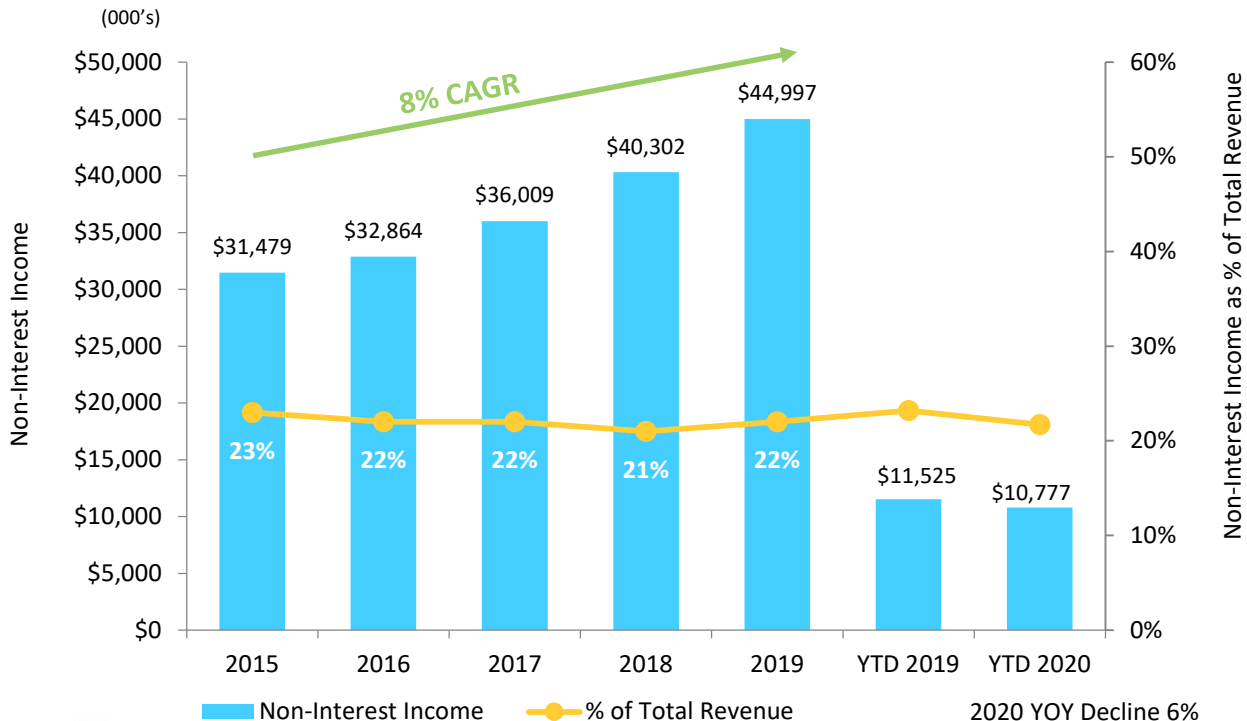
Asset Quality

Strong Reserve Coverage



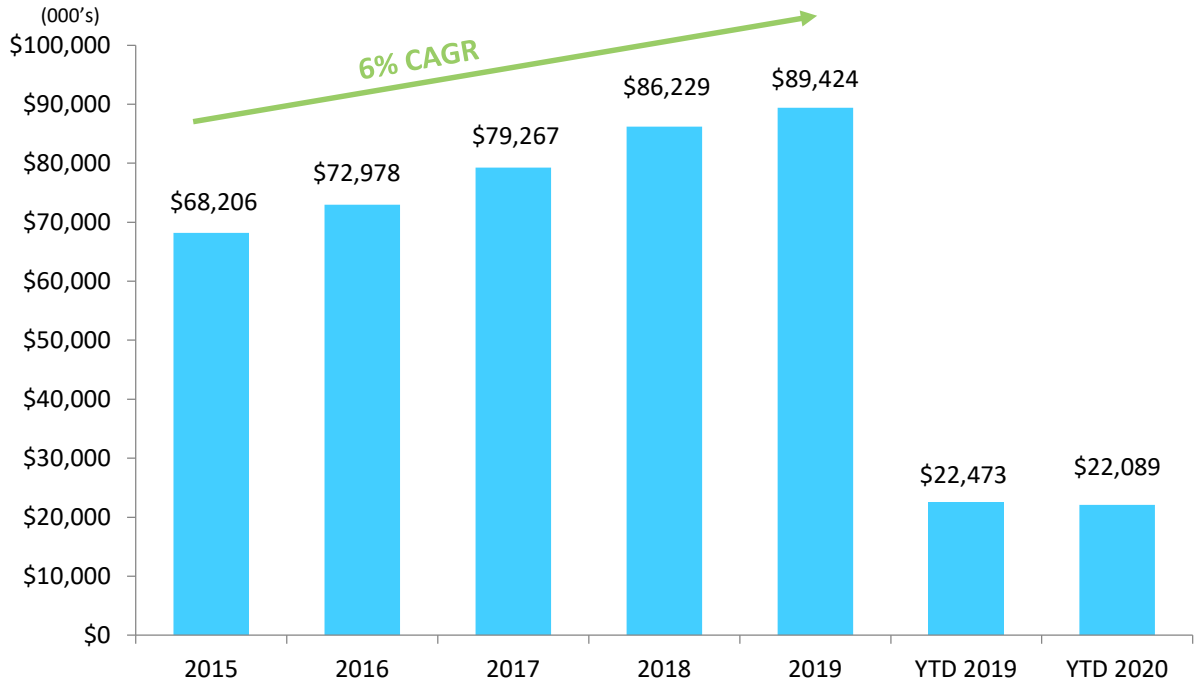
Non-Interest Income

Fee-Based Revenue Drives Increases



Non-Interest Expense

Disciplined Approach to Cost Structure While Continuing to Invest in the Future

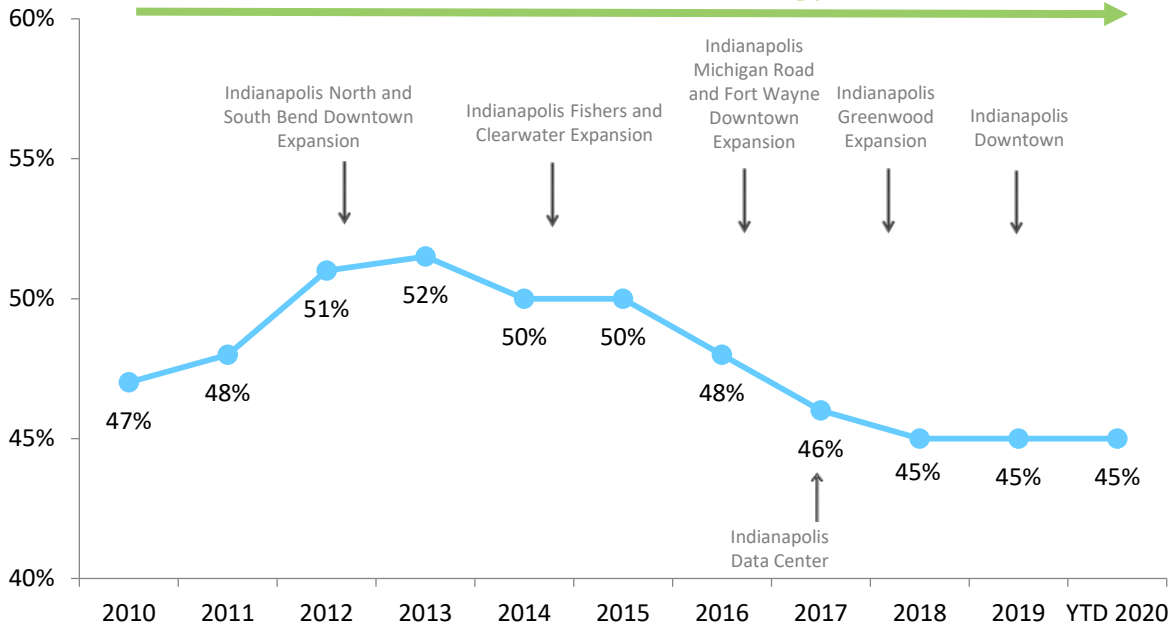


2020 YOY Decline 2%

Efficiency Ratio

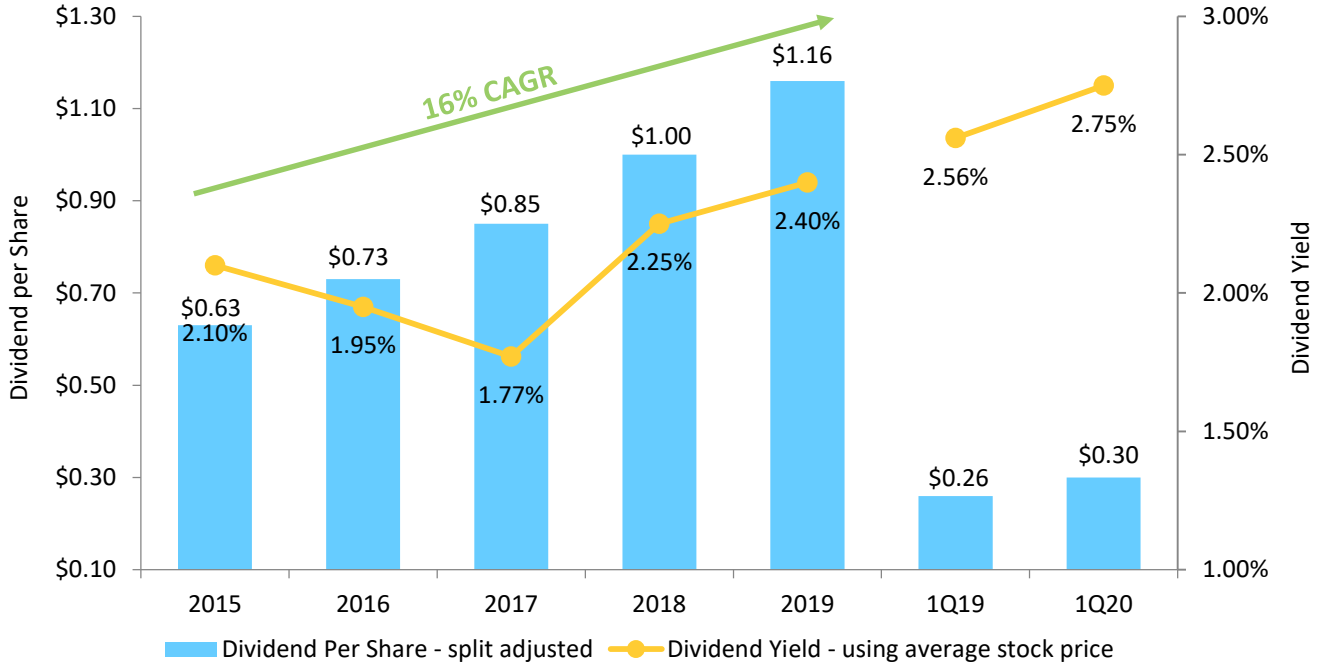
Revenue Growth is Primary Driver of Low Efficiency Ratio

Constant investment in technology and facilities



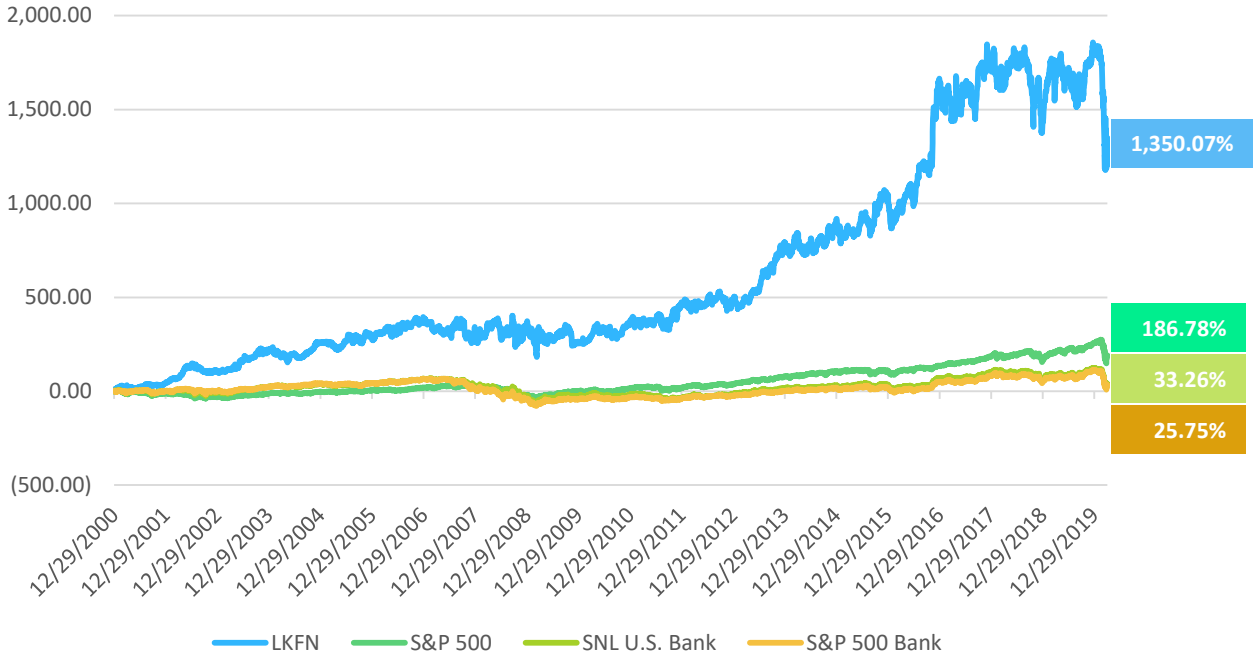
Stable Healthy Dividend

Dividend Reflects Strength of Balance Sheet



LKFN Shareholder Value

Total Return Performance from 12/31/00 to 3/31/20



Source: SNL database

Investment Highlights

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

Supplemental Information

Organic Growth

Larger Market Organic Expansion

State Rank	County	Primary City	Population*	LCB Entry	LCB Deposit Market Share**	# of Branches
20.	Kosciusko	Warsaw	79,344	1872	59%	12
6.	Elkhart	Elkhart	205,560	1990	21%	9
5.	St. Joseph	South Bend	270,771	1997	8%	4
3.	Allen	Fort Wayne	375,351	1999	14%	5
1.	Hamilton/Marion	Indianapolis	1,284,756	2011	1%	5

* Source: STATS Indiana

** Source: FDIC 6/30/19 Statistics



Organic Growth

Mature Market Strength and Growth

(millions) ¹	2019		2009			2019 # of Offices
	Deposits	Share	Deposits	Share	Increase	
1. 1 st Source	\$4,053	19.62%	\$2,677	17.16%	51.40%	53
2. Lake City Bank	\$3,739	18.10%	\$1,736	11.13%	115.38%	50
3. JPM Chase	\$2,655	12.85%	\$1,484	9.51%	78.91%	23
4. PNC	\$1,432	6.93%	\$1,651	10.58%	(13.26)%	26
5. KeyBank	\$1,060	5.13%	\$1,046	6.70%	1.34%	18
6. First Merchants	\$784	3.80%	\$572	3.67%	37.06%	12
7. Flagstar	\$759	3.67%	\$55	0.35%	1280.00%	24
8. Old National Bank	\$754	3.65%	\$825	5.28%	(8.61)%	10
9. Star	\$643	3.11%	\$476	3.05%	35.08%	11
10. Fifth Third	\$492	2.38%	\$351	2.25%	40.17%	10
Market Total	\$20,655		\$15,602		32.39%	

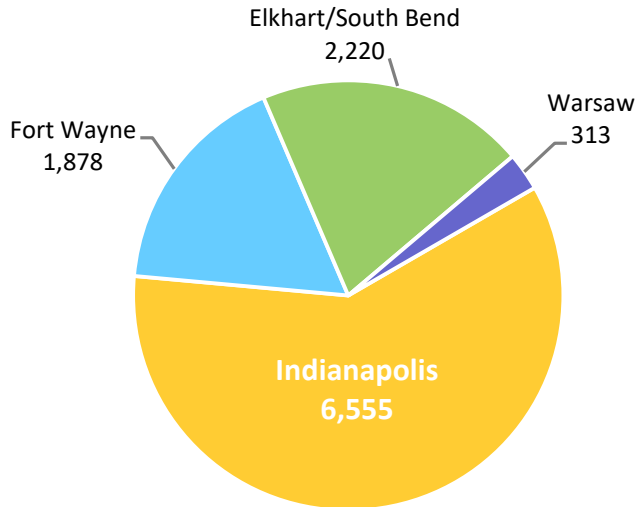


¹Mature Markets includes 12 Northern Indiana counties and excludes 3 Central Indiana counties
Adjusted to include branches subsequently acquired by surviving banks

Organic Growth

Commercial Banking Target Opportunities

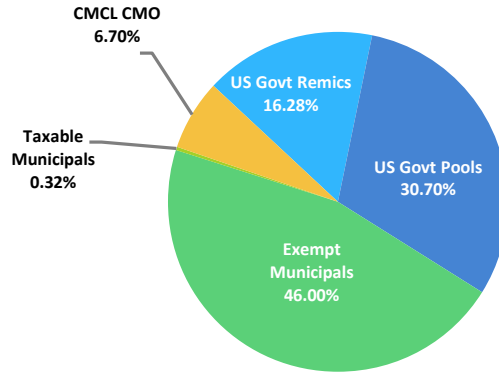
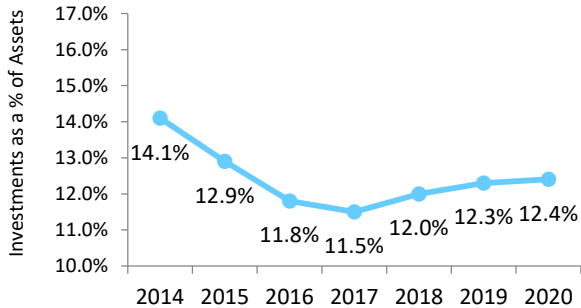
Growth Potential in Every Market



Companies with Revenue of \$1 to \$50 million in Lake City Bank footprint by county

Source: 2017 Hoover's

Investment Portfolio – Source of Liquidity

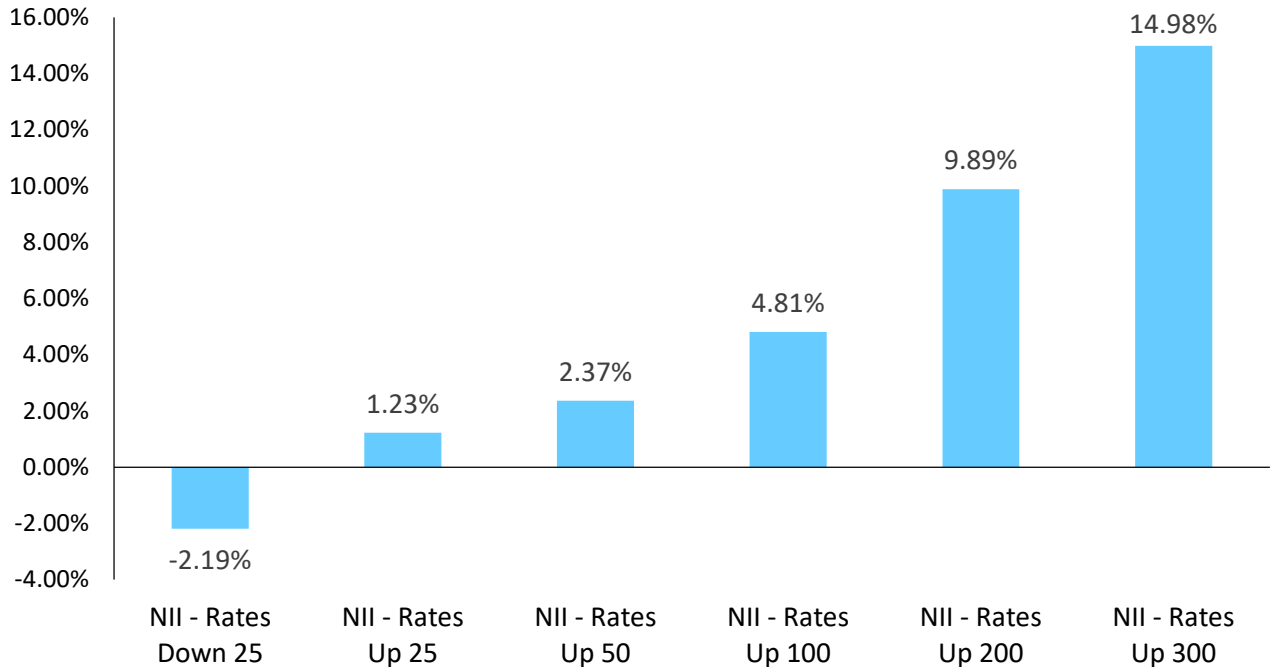


March 31, 2020

	Weighted Maturity	Book Yield	Duration	Market Value
US Govt REMICS	2.74	3.01%	2.84	101,621
US Govt Pools	4.87	2.68%	4.43	191,648
Exempt Municipals (TEY)	13.74	3.75%	5.90	287,227
Taxable Municipals	0.55	2.25%	0.54	2,014
CMCL CMO	2.66	2.30%	2.03	41,814
Total (Tax-Equivalent Yield)	8.31	3.18%	4.64	\$624,324

Projected Impact of Rising/Falling Rates

Asset Sensitive Balance Sheet



Graph presents 12 month projected net interest income simulation results as of March 31, 2020 using parallel shocks



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