## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

## Washington, DC 20549

# FORM 8-K

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

Date of Report (Date of earliest event reported) April 25, 2018

# **Lakeland Financial Corporation**

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation)

**000-11487** (Commission File Number) **35-1559596** (IRS Employer Identification No.)

202 East Center Street

Warsaw, Indiana 46581-1387 (Address of principal executive offices, including zip code)

(574) 267-6144

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2 below):

- [] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- [] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- [ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- [ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

### Item 2.02. Results of Operations and Financial Condition

On April 25, 2018, Lakeland Financial Corporation issued a press release announcing its earnings for the three months ended March 31, 2018. The news release is attached as Exhibit 99.1.

### Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated April 25, 2018

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### LAKELAND FINANCIAL CORPORATION

Dated: April 25, 2018

By: /s/Lisa M. O'Neill

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



# NEWS FROM LAKELAND FINANCIAL CORPORATION

FOR IMMEDIATE RELEASE

**Contact** Lisa M. O'Neill Executive Vice President and Chief Financial Officer (574) 267-9125 lisa.oneill@lakecitybank.com

# Lakeland Financial Reports Record First Quarter Performance Net Income Increases 26% and Dividend Increases 18%

Warsaw, Indiana (April 25, 2018) – Lakeland Financial Corporation (Nasdaq Global Select/LKFN), parent company of Lake City Bank, today reported record first quarter net income of \$18.3 million for the three months ended March 31, an increase of 26% versus \$14.5 million for the first quarter of 2017. Diluted earnings per share increased 25% to \$0.71 for the first quarter of 2018, versus \$0.57 for the first quarter of 2017, representing a record quarter for the company and its shareholders. On a linked quarter basis, net income increased 58% or \$6.7 million from the fourth quarter ended December 31, 2017, which had net income of \$11.6 million and \$0.45 diluted earnings per share. Results for the fourth quarter of 2017 included a \$4.1 million income tax provision related to revaluing the company's net deferred tax asset position as a result of the tax bill enacted at the end of the year.

David M. Findlay, President and CEO commented, "Lake City Bank's strong first quarter performance was highlighted by the record net income for the quarter, but we are particularly proud of the healthy loan and deposit growth in the quarter. Our ability to consistently produce performance for our shareholders begins with balance sheet growth and this represents a good start to 2018."

### Highlights for the quarter are noted below.

1st Quarter 2018 versus 1st Quarter 2017 highlights:

- · Organic average loan growth of \$283 million or 8%
- Average deposit growth of \$458 million or 13%
- Net interest income increase of \$4.2 million or 13%
- Net interest margin increase of 9 basis points to 3.36%
- Revenue growth of \$5.8 million or 14%
- Tangible common equity<sup>1</sup> increase of \$35.5 million or 8%

1st Quarter 2018 versus 4th Quarter 2017 highlights:

- Organic average loan growth of \$64 million or 2%
- Average deposit growth of \$105 million or 3%
- Net interest income increase of \$831,000 or 2%
- Revenue growth of \$1.2 million or 3%
- Tangible common equity<sup>1</sup> increase of \$4.7 million or 1%

## <sup>1</sup> Non-GAAP financial measure – see "Reconciliation of Non-GAAP Financial Measures."

As announced on April 10, 2018, the board of directors approved a cash dividend for the first quarter of \$0.26 per share, payable on May 7, 2018, to shareholders of record as of April 25, 2018. The first quarter dividend per share represents an 18% increase over the dividend rate paid in the prior four quarters of \$0.22 per share.

Findlay added, "Dividends represent a critical component of our shareholder value equation, and this 18% increase is made possible by our consistent long-term ability to produce quality earnings that contribute to a strong capital base."

Return on average total equity for the first quarter of 2018 was 15.82%, compared to 13.63% in the first quarter of 2017 and 9.87% in the linked fourth quarter of 2017. Return on average assets for the first quarter of 2018 was 1.58%, compared to 1.37% in the first quarter of 2017 and 1.00% in the linked fourth quarter of 2017. The company's total capital as a percent of risk-weighted assets was 13.41% at March 31, 2018, compared to 13.31% at March 31, 2017 and 13.26% at December 31, 2017. The company's tangible common equity to tangible assets ratio<sup>1</sup> was 9.94% at March 31, 2018, compared to 10.06% at March 31, 2017 and 9.93% at December 31, 2017.

Average total loans for the first quarter of 2018 were \$3.79 billion, an increase of \$282.8 million, or 8%, versus \$3.51 billion for the first quarter 2017. On a linked quarter basis, total average loans grew \$64.0 million, or 2%, from \$3.73 billion at December 31, 2017. Total loans outstanding grew \$313.4 million, or 9%, from \$3.53 billion as of March 31, 2017 to \$3.85 billion as of March 31, 2018.

Average total deposits for the first quarter of 2018 were \$4.09 billion, an increase of \$457.7 million, or 13%, versus \$3.64 billion for the first quarter of 2017. On a linked quarter basis, total average deposits grew \$105.3 million or 3% from \$3.99 billion at December 31, 2017. Total deposits grew \$420.1 million, or 11%, from \$3.68 billion as of March 31, 2017 to \$4.10 billion as of March 31, 2018. In addition, total core deposits, which exclude brokered deposits, increased \$328.4 million, or 9%, from \$3.54 billion at March 31, 2017 to \$3.87 billion at March 31, 2018 due to growth in retail deposits of \$165.6 million or 11%, growth in commercial deposits of \$105.3 million or 12% and growth in public fund deposits of \$57.6 million or 5%.

"We're committed to a deposit growth strategy over all deposit categories and are particularly pleased that our non-interest bearing demand deposits increased 13% on a year over year basis. In addition, our focus on core deposit growth has translated into double digit growth in both our retail and commercial deposit client bases on a year over year basis," Findlay observed.

The company's net interest margin increased nine basis points to 3.36% for the first quarter of 2018 compared to 3.27% for the first quarter of 2017. The higher margin in the first quarter of 2018 was due to higher yields on loans, partially offset by a higher cost of funds. On a linked quarter basis, the net interest margin improved by three basis points from 3.33% in the fourth quarter of 2017 due to the positive impact of Federal Reserve Bank increases in the target Federal Funds Rate in mid-December 2017 and mid-March 2018. Net interest income increased \$4.1 million, or 13%, to \$36.2 million for the first quarter of 2018, versus \$32.1 million in the first quarter of 2017.

<sup>1</sup> Non-GAAP financial measure – see "Reconciliation of Non-GAAP Financial Measures."

The company recorded a provision for loan losses of \$3.3 million in the first quarter of 2018, driven by strong loan growth and net charge offs during the quarter. Net charge offs in the quarter were \$4.8 million versus net charge offs of \$144,000 in the first quarter of 2017 and net charge offs of \$226,000 during the linked fourth quarter 2017. Net charge offs included a \$4.6 million charge off related to a single commercial borrower. At December 31, 2017, loans to the borrower were current and performing. Late in the first quarter of 2018, the borrower encountered working capital challenges and it became clear to the bank that the borrower was not able to generate sufficient cash flow from operations to fully support its business. As a result, it was determined that full collection of the outstanding loan balance of \$6.8 million was not probable and would likely not be repaid. The remaining loan exposure of \$2.2 million to this borrower, which is on nonaccrual status, is secured by a blanket lien on all assets, including accounts receivable, land, buildings and equipment. In addition the exposure is supported by personal guarantees and a security interest in undeveloped commercial real estate.

The company's allowance for loan losses as of March 31, 2018 was \$45.6 million compared to \$43.8 million as of March 31, 2017 and \$47.1 million as of December 31, 2017. The allowance for loan losses represented 1.19% of total loans as of March 31, 2018 versus 1.24% at March 31, 2017 and 1.23% as of December 31, 2017.

Nonperforming assets decreased \$797,000, or 7%, to \$11.2 million as of March 31, 2018 versus \$12.0 million as of March 31, 2017 due to a decrease in loans past due 90 days or more. On a linked quarter basis, nonperforming assets were \$1.6 million higher than the \$9.5 million reported as of December 31, 2017 primarily due to placing one commercial relationship in nonaccrual status. The ratio of nonperforming assets to total assets at March 31, 2018 decreased to 0.24% from 0.28% at March 31, 2017 and increased from 0.20% at December 31, 2017. Annualized net charge-offs to average loans were 0.51% for the first quarter of 2018 compared to 0.02% for the first quarter of 2017 and 0.02% for the fourth quarter of 2017.

Findlay noted, "We continue to be encouraged by the strength of the general economic conditions in our markets and the bank's overall credit quality remains stable. While we are disappointed with the notable charge off in the quarter, the factors impacting this borrower's situation were unique and we believe are not reflective of any broader asset quality concerns."

The company's noninterest income increased \$1.6 million, or 20%, to \$9.9 million for the first quarter of 2018, compared to \$8.3 million for the first quarter of 2017. Noninterest income was positively impacted by a 15% increase over the prior year first quarter in recurring fee income for service charges on deposit accounts, primarily due to growth in fees from business accounts. In addition, wealth advisory fees increased by 20% compared to the year ago period due to continued growth of client relationships.

Findlay added, "Effectively expanding our relationships with new and existing clients has contributed to this positive growth in fee-based services of 20%. These value-add products reflect both the adoption of technology by our clients and our ability to build upon existing client relationships with investment and treasury management products and services."

The company adopted the new revenue recognition accounting standard effective on January 1, 2018 that requires the evaluation of all contracts and the related recognition of revenue. Although the adoption of this standard did not have a significant impact to net income, the evaluation of recording revenue gross versus net did cause some reclassifications of expenses associated with various revenue streams. Adoption of this standard resulted in an increase of \$194,000 to the loans and service fee line item and a \$70,000 increase to the merchant card fee line item, both due to reclassifications of data processing expenses to non-interest income based on interchange revenue related transactions.



The company's noninterest expense increased \$1.2 million, or 6%, to \$21.2 million in the first quarter of 2018, compared to \$20.0 million in the first quarter of 2017. Salaries and employee benefits increased primarily due to higher employee health insurance expense, an increase to the company's minimum hiring wage, special bonuses paid to non-officer employees, and normal merit increases. Data processing fees increased due to the company's continued investment in technology-based solutions as well as the adoption of the new FASB revenue recognition accounting standard. Corporate and business development expense decreased primarily due to a reduction in contributions as well as lower advertising expenses. The company's efficiency ratio was 46.0% for the first quarter of 2018, compared to 49.7% for the first quarter of 2017 and 43.7% for the linked fourth quarter of 2017.

The effective tax rate for the first quarter 2018 was 15.1%, compared to 27.7% for the first quarter 2017 and reflects the effect of the Tax Cuts and Jobs Act, which lowered the company's federal tax rate to 21% from 35%.

Lakeland Financial Corporation is a \$4.7 billion bank holding company headquartered in Warsaw, Indiana. Lake City Bank, its single bank subsidiary, is the fourth largest bank headquartered in the state, and the largest bank 100% invested in Indiana. Lake City Bank operates 49 offices in Northern and Central Indiana, delivering technology-driven and client-centric financial services solutions to individuals and businesses.

Information regarding Lakeland Financial Corporation may be accessed on the home page of its subsidiary, Lake City Bank, at lakecitybank.com. The company's common stock is traded on the Nasdaq Global Select Market under "LKFN." In addition to the results presented in accordance with generally accepted accounting principles in the United States, this earnings release contains certain non-GAAP financial measures. Lakeland Financial believes that providing non-GAAP financial measures provides investors with information useful to understanding the company's financial performance. Additionally, these non-GAAP measures are used by management for planning and forecasting purposes, including measures based on "tangible common equity" which is "common stockholders' equity" excluding intangible assets, net of deferred tax. A reconciliation of these non-GAAP measures to the most comparable GAAP equivalent are included in the attached financial tables where the non-GAAP measures are presented.



This document contains, and future oral and written statements of the company and its management may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of the company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "continue," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. The company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain and, accordingly, the reader is cautioned not to place undue reliance on any forward-looking statements made by the company. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the company undertakes no obligation to update any statement in light of new information or future events. Additional information concerning the company and its business, including factors that could materially affect the company's financial results, is included in the company's filings with the Securities and Exchange Commission, including the company's Annual Report on Form 10-K.

### LAKELAND FINANCIAL CORPORATION FIRST QUARTER 2018 FINANCIAL HIGHLIGHTS

Unumber     Mar. 31, 2017     Dec. 31, 2017     Mar. 34, 2017     Mar. 34, 2017     Mar. 34, 2017<	FIRST QUARTER 2018 FINANCIAL HI		e Months Ended	
Deposis     4.093.408     4.003.63     3.073.937       Findered Eposis     2.22.64     2.08.056     3.073.237     3.75.955       Core Deposis     3.845.666     3.818.450     3.55.955       Core Deposis     3.845.666     3.818.450     3.543.006       Alboance for Loan Losse     4.45.27     4.71.21     4.47.74       Data Bable Common Equity (1)     460.337     440.808     4.300.77       Tagalite Common Equity (1)     460.337     440.808     4.300.77       VERACE BALANCES		Mar. 31,	Dec. 31,	
Brokened Deposits     227.200     20.975     1.55.205       Core Deposits     3.972.223     3.759.679     3.543.002       Loans     3.9845.668     3.818.69     3.532.202       Loans for Loan Losses     45.5527     47.121     47.3733       Robuster for Loan Losses     3.786     3.789     3.392       Loads for the of defends tax asset     3.786     3.789     3.130       Loads for the of defends tax asset     3.786     4.490.375     449.088     444.075       Pand Asset     4.507.756     54.509.809     447.076     3.532.201       Loans     3.791.922     3.7776     3.309.155     15.2283       Loans     3.371.101     3.989.522     3.377.176     3.309.155       Loans     3.371.101     3.989.522     3.577.96     3.309.01.050       Total Deposits     1.337.370     3.151.16     2.686.275       Total Deposits     3.377.170     3.282.20     3.379.02       Total Deposits     3.337.170     3.282.21     3.273       Total Deposits     3.337.170     3.282.21	Assets	\$4,726,948	\$4,682,976	\$4,319,103
Core Deposis     3.872,228     3.779,99     3.545,807       Allowater for Loan Losse     45,627     47,112     43,744       Allowater for Loan Losse     3.796     3.799     3.130       Good-Mill at of defared tax asets     3.796     3.799     3.130       Maghbe Common Papiny (11)     469,337     464,886     44,0720       AverActic DULANCES     44,073,472     44,0733     464,886     44,0720       AverActic DULANCES     44,074,61     42,23,494     40,9393     3.331,116     22,3349     40,9393       Loans     Assets     3,471,104     3,265,206     3,364,104     3,265,206     3,364,104       Loans     Assets     3,367,104     3,265,206     3,364,104     3,265,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,364,104     3,262,206     3,464,804     3,208,104				
Lams     3.845,668     3.818,290     3.352,279       Allowance for Lona Losses     47,233     48,667     47,221       Coolwill att of defred Lax asets     1,79     3,739     1,190       Tanglike Common Equity (1)     499,533     46,48,687     433,000       VPTRACE BALANCES     54,598,000     42,032,000     433,001,015       Tand Asses     54,061,024     42,032,000     430,012,000       Lowis     3,731,922     3,727,907     33,032,000       Lowis     3,353,009     3,131,116     2,666,067       Total Popois     3,367,170     3,262,026     3,368,150       Total Popois     3,353,009     3,131,116     2,666,026       Total Popois     3,367,170     3,262,326     3,361,153       Total Popois     3,367,170     3,262,326     3,361,163       Total Popois     3,367,170     3,262,326     3,302,11,85       Total Popois     3,367,170     3,262,326     3,302,11,85       Total Popois     3,367,170     3,262,326     3,233       Total Popois     3,367,170     3,262,				
Alloware for Loan Loses     47,121     44,774       Tobil Equity     473,333     466,67     437,202       Condvell net of deferred try asses     3,736     3,739     3,730       Topphle Common Equity (1)     405,577     464,868     434,072       VEEACE BALANCES     54,706,726     54,596,868     434,072       Veesting     54,061,233,729     5,306,013     512,223     4,021,461     4,222,429     4,050,908       Loans     3,781,02     3,773,02     3,506,016     10,228,016,75     11,228,016     2,206,016     10,280,016,75       Loans     536,223     535,323     533,321     32,273,07     3,506,216     30,904,584       Not Incering Deposits     423,328,216     30,300     1,800     200       Not Incering Come-Fully Tox Equivalier     356,223     533,230     532,233     532,233     532,233     532,233     532,233     532,243     232,733       Provision of To Loses     3,300     1,800     200     300     1,803,80     200     300     1,803,80     200     30,81     32,233	-			
Total Equipy     473,333     480,667     447,202       Concord line of deferred tax asses     3,796     3,139       MERACE BALANCES     400,537     404,0537       Total Assers     54,706,726     54,598,809     54,310,435       Earning Assers     4,212,1461     4,322,324     4,059,803       Investments     3,791,922     3,727,96     515,283       Loars     3,779,1922     3,727,96     515,283       Total Exprisy     4,049,4917     3,980,592     4,667,470       Interest Reaving Labilitie     3,357,116     2,856,737     4,894,581       Total Exprisy     469,988     467,459     431,884       Net Incress Reaving Labilitie     3,357,116     2,856,737     430,884       Net Incress Reaving Labilitie     3,357,116     2,856,73     330,89     315,811       Net Incress Reaving Labilitie     3,367,116     3,358,116     327,39     445,42       Net Incress Reaving Labilitie     3,369,116     3,59,32     200       Noritistrest Reaving Labilitie     3,369,116     3,59,42     8,259       Not				
Condentiliset of determent praying (1)     495,577     464,888     434,072       AVERACE RALANCES     54,096,726     54,598,009     \$4,310,104       Load Assets     54,006,726     54,598,009     \$4,310,104       Earning Assets     44,021,461     4,222,249     40,998,85       Investments     56,0642     53,779     53,909     53,531       Loans     3,791,922     3,751,93     3,831,115     2,868,75       Interest Boaring Deposits     3,303,114     3,266,30     3,044,348       Total Deposits     3,353,309     3,53,309     3,032     532,206       Net Interest Income     536,522     536,322     536,323     522,061       Net Interest Income     9,373     9,462     8,226     536,323     530,320     200       Notinterest Encome     9,373     9,462     8,253     80,241     82,736       Not Income     9,463     11,627     14,514     80,468     9,33       Not Income     9,404     9,404     80,478     9,404     80,58       Not Income     9,404		,		
Tangibi Common Equity (1)     490,537     490,808     94,40,02       VERACE BLANNESS     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     54,706,726     55,203       Loans     3,79,102     3,27,796     3,509,102     3,37,710     3,509,102     3,37,710     3,509,102     3,367,101     2,906,710     2,906,710     1,909,902     3,367,101     2,906,710     1,909,902     3,367,101     2,906,710     1,909,903     4,074,391     4,309,303     4,31,801     4,309,302     3,367,101     2,906,710     1,81,801     1,809,902     3,367,101     4,804,501     4,804,501     4,804,501     4,81,801     1,805,71     1,81,801     1,80,801     <				
AVERACE BALANCES     54,200,426     54,200,426       Larning Assets     4,422,461     4,232,249     4,039,885       Investments     54,60,42     537,796     55,039,885       Lons     3,791,922     3,791,922     3,593,9155       Tokal Deposits     4,094,917     3,089,552     3,683,7104       Interest Bearing Deposits     3,051,116     2,686,675       Interest Bearing Labihities     3,367,104     3,265,302     3,225,001       NCOME STATEMENT DATA     409,998     407,439     431,904       INCOME STATEMENT DATA     556,523     352,302     \$22,061       Net Interest Income     5,652     362,231     \$2,738       Provision for Loan Losses     3,300     1,830     200       Nominterse Income Per Common Share     21,202     19,598     21,048       Not Income Per Common Share     0,71     0,45     0,57       Stath Net Income Per Common Share     0,71     0,45     0,57       Data Develop Develop Per Common Share     0,71     0,45     0,57       Datato Netincome Per Common Share     0,71				
Total Assets     \$4,706,726     \$4,538,800     \$4,320,451       Investments     546,142     \$32,230     40,593,885       Investments     546,142     \$32,7366     \$53,939,155       Total Deparits     3,267,236     33,937,51     \$36,837,296     \$35,99,155       Total Deparits     3,267,206     3,209,155     \$36,737,96     \$30,99,155       Total Equip     469,998     467,459     431,894       INCOME STATEMENT DATA     \$36,221     \$35,32,92     \$32,2061       Net Interest Income     \$36,231     \$32,33,93     \$20,048       Notificrest Tegense     \$21,202     \$19,588     \$20,048       Net Interest Income     \$9,479     9,462     \$8,230       Notificrest Tegense     \$21,202     \$19,588     \$20,048       Net Increase Hearing     \$9,479     \$4,614     \$43,338       Net Increase Hearing     \$21,702     \$19,588     \$20,048       Net Increase Tegense     \$0,71     0.45     0.57       Ditied Net Increase Tegense     \$0,71     0.45     0.57       Cash Dividend'S		409,537	404,808	434,072
Earning Asses     4,421,461     4,323,249     4,039,885       Loas     3,791,922     5,871,70     515,284       Loas     3,791,922     3,873,710     3,295,922     5,873,710       Interest Bearing Deposits     3,255,309     3,355,116     2,2868,875       Interest Bearing Eposits     3,255,309     467,459     431,884       INCOME STUTENERT DATI     536,223     535,321     323,738       Net Interest Income-Fully Tax Equivalent     36,632     363,631     323,738       Provision for Loan Losses     3,300     1,850     20,040       Noninterest Equense     21,202     19,598     20,040       Noninterest Equense Per Common Share     0,71     0,45     0,598       Divided Net Income Per Common Share     0,71     0,45     0,573       Divided Perod     30,999     48,899     33,398       Divided Average Common Share Soutstanding     25,267,841     25,199,343       Divided Average Common Share Soutstanding     25,267,841     25,199,343       Basic Weighted Average Common Share Soutstanding     25,268,586     33,68		¢ 4 700 700	¢ 4 FOO 000	¢4 010 14F
Investments     546.042     537.296     535.296       Total Deposits     4,049.491     3,089.155       Total Deposits     3,253.309     3,151.116     2,868,075       Total Equity     469.998     46,74.59     431.894       NCOME STATEMENT DATA     556.223     535.392     532.061       Net Incress Income-Fully Tax Equivalent     366.23     632.31     327.304       Provision for Lonzones     3,300     1.450     200.43       Net Incress Income-Fully Tax Equivalent     36.623     66.231     327.398       Provision for Lonzoses     3,300     1.450     200.48       Nentineress Income     9,879     9,462     8.239       PER SIABE DATA     18.36     11,627     14.514       PER SIABE DATA     309.99%     46.09%     30.39%       Dialed Net Income Per Common Share     0.71     0.56     0.57       Oright Devised Acarder Common Share     0.32     0.36     0.39%       Dialed Neighted Average Common Share Soutstanding     25.257.414     25.196.04     17.36       Dask Weighted Average Common Share Souts				
Lons     3.791.92     3.727.967     3.591.952     3.637.150       Toral Deposits     3.253.309     3.151.161     2.898.675       Toral Equipy     469.999     467.459     431.894       Toral Equipy     469.999     467.459     431.894       MCOME STATEMENT DAT     536.223     535.392     \$32.733       Provision for Loan Losses     3.300     1.850     2.027.33       Provision for Loan Losses     3.300     1.850     2.02.03       Nominterest Income     9.879     9.942.     8.259       Nominterest Income     21.020     19.598     2.00.48       Nominterest Income     7.07     0.45     0.578       Diktok Income Per Common Share     0.71     0.45     0.578       Diktok Income Per Common Share     0.22     0.20     0.199       Dividend Pavout     18.671     18.68     17.34       Marker Value - Low     30.999     48.895     33.359       Book Value Per Common Share (outs per set				
Total Deposits     4.049.417     3.0989.522     3.637.170       Interest Rearing Liabilities     3.367.104     3.266.306     3.084.854       Interest Rearing Liabilities     3.367.104     3.266.306     3.084.854       NCOME STATEMENT DATA     460.998     447.459     431.894       INCOME STATEMENT DATA     336.223     535.392     S32.061       Net Interest Income     3.363     1.423     2.023       Provision for Loan Losses     3.300     1.830     200       Nominterest Expense     21.202     19.598     2.048       Net Income     10.358     11.627     14.451       PER SHARE DATA     10.358     11.627     14.514       Basic Net Income Per Common Share     0.071     0.45     0.57       Oblied Net Income Per Common Share     0.073     80.46     80.53       Book Value Per Common Share (1)     18.71     18.61     17.24       Diaded Expense     2.506.13     2.515.242     2.596.13       Diaded Veighted Average Common Share Outstanding     2.525.71.137     2.55.56.13       Diaded Veighted Average				
Interest Baring Deposits     3.25.3     3.151.1.16     2.868.673       Total Equity     469.980     467.459     431.894       Total Equity     469.980     467.459     431.894       Net Interest Income     36.632     353.932     \$32.733       Provision for Loan Losses     36.632     36.231     32.733       Provision for Loan Losses     38.799     9.462     8.259       Noninterest Expense     32.10     1.450     8.259       Noninterest Expense     32.10     1.1627     1.4,144       Per StrAME DATA     30.97     9.462     8.259       Noninterest Expense     0.21     0.23     8.046     80.38       Notifierest Expense     0.71     0.45     0.57       Cash Dividend S Declared Per Common Share     0.27     0.22     0.12       Dividend Pyout     18.55     18.45     17.24       Marker Value - High     10.75     12.43     443.93       Basic Weighted Average Common Share Outstanding     25.57,414     25.194.933     25.152.24       Diuted Weighted Average Common Share Sout				
Interest Bearing Liabilities     3.367, 104     3.266, 206     3.084, 884       INCOME STATEMENT DATA     469,998     467,459     431,894       INCOME STATEMENT DATA     36,652     355,392     S55,392     S55,393     S52,596,136     S55,52,422     S55,52,423     A45,32     A45,32     A45,32     A45,32     A45,32     A45,32     A45,32				
Total Figuity     460,908     467,450     431,894       NCOME STATEMENT DATA     386,632     353,392     \$52,013       Net Interest Income     386,632     363,631     32,733       Provision for Lanc Lasses     38,632     36,631     32,733       Provision for Lanc Lasses     38,672     14,584     21,022     19,589     20,048       Nonintrest Expanse     21,202     19,589     20,048     21,022     19,589     20,048       Net Income     Per Common Share     21,202     19,589     20,048     33,389       Net Income Per Common Share     0,71     0,45     0,57     23,338     33,338       Book Value Per Common Share (equity per share issued)     18,71     18,60     17,34     33,338       Book Value Per Common Share Outstanding     25,574,41     25,194,903     25,552,414     25,194,903     25,552,414     25,194,903     25,552,414     25,194,903     25,552,414     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416     25,559,416				
INC. ONE: \$YATEMENT DATA       Net Interest Income     \$36,223     \$32,231     \$32,733       Provision for Loan Losse     3,600     1850     200       Noninterest Income     9,679     9,462     8,259       Noninterest Income     9,679     9,462     8,259       Noninterest Income     18,336     11,627     14,514       PER STARTE DATA     0,22     0,22     0,19       Divided Net Income Per Common Share Common Share Stare St				
Net Interest Income     \$36,632     \$33,302     \$32,2061       Net Interest Income     36,632     36,231     32,733       Provision for Loan Losses     3,300     1,850     200       Noninterest Expense     21,202     19,598     20,462     8,239       Noninterest Expense     21,202     19,598     20,444     14,514       PER STARK DATA     10,366     11,627     14,514     9,366     11,627     14,514       Basic Net Income Per Common Share     0,71     0,45     0,57     Cash Dividends Declared Per Common Share     0,22     0,22     0,19       Dividend Payout     30.98%     48.39%     33,33%     25,454     48.32       Basic Vesigned Avelue Per Common Share (puity per share issued)     18,56     18,65     17,24       Market Value - Low     45,01     45,26     39,683       Basic Vesigned Average Common Shares Outstanding     25,257,414     25,194,903     25,152,424       Diluted Velice Average Common Shares Outstanding     25,696,614     25,719,133     25,566,138       Return on Average Assets     9.99     10.16		+03,550	+07,+33	451,054
Net Interest Income-Fully Tax Equivalent     36,622     36,221     32,733       Provision for Loan Losse     3,300     18,50     200       Noninterest Income     9,479     9,462     8,259       Noninterest Expense     21,202     19,558     20,048       Net Income     18,336     11,627     14,514 <b>PER SHARE DATA</b> 18,336     11,627     14,514 <b>PER SHARE DATA</b> 0.22     0.22     0.13     0.45     0.57       Cash Dividend Net Income Per Common Share     0.22     0.22     0.33		\$36,223	\$35,392	\$32.061
Provision for Loan Losses     3,300     1,850     200       Nominterest Expense     21,202     19,598     20,448       Pert Branne     18,336     11,627     14,514       Pert SHARE DATA     50,73     \$0,46     \$0,59       Basic Net Income Per Common Share     0,71     0,45     0,57       Cash Dividend Spectared Per Common Share     0,22     0,22     0,12       Dividend Payout     30,99%     48,89%     53,339       Book Value Per Common Share (equity per share issued)     18,56     18,45     17,24       Market Value - High     18,71     18,60     17,32       Market Value - High     51,76     52,43     48,32       Market Value - High     45,01     45,26     39,68       Basic Weighted Average Common Shares Outstanding     25,557,414     25,194,903     25,152,424       Dilated Weighted Average Common Shares Outstanding     25,657,614     25,194,903     25,152,424       Net meterst Margia     15,82     9,47     13,63       Average Toal Equity     15,42     9,47     13,63       A		,	,	
Nominterest Income     9.879     9.462     8.250       Nominterest Expense     21,202     19.598     20.048       Net Income     18,336     11.627     14,514 <b>PER SHARE DATA</b> 18,336     11.627     14,514 <b>PER SHARE DATA</b> 0.21     0.45     0.53       Diluted Net Income Per Common Share     0.22     0.22     0.19       Dividend Payout     0.05 Value Per Common Share (equity per share issued)     18,71     18.60     17.36       Book Value Per Common Share (equity per share issued)     18,56     18.45     17.24       Market Value – Low     51.76     52.43     48.32       Market Value – Low     51.76     52.43     48.32       Diluted Weighterd Average Common Share Outstanding     22,596.44     25.01.37     25.596.136       Ettern on Average Asets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Ettern on Average Asets     9.99     10.61     10.02       Net Interest Margin     3.36     3.33     3.37       Tie		· · · · · · · · · · · · · · · · · · ·		
Noninterest Expense     12,202     19,508     20,048       Net Income     18,336     11,627     14,514       PER SHARE DATA				
Net moone     18,336     11,627     14,514       Basic Net Income Per Common Share     \$0.73     \$0.46     \$0.58       Diluted Net income Per Common Share     0.71     0.45     0.57       Cash Dividend Declared Per Common Share     0.22     0.22     0.19       Dividend Payout     30.99%     48.89%     33.33%       Book Value Per Common Share (quity per share issued)     18.71     18.60     17.36       Tangible Book Value Per Common Share Soutsanding     25.257.41     25.194.903     25.152.424       Dilured Weighted Average Common Shares Outstanding     25.257.41     25.194.903     25.152.424       Dilured Weighted Average Common Shares Outstanding     25.257.41     25.194.903     25.152.424       Dilured Weighted Average Common Shares Outstanding     25.259.61.36     EVERATIOS     7.37       Return on Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Tier 1 Risk-Based Capital (2)     10.77     10.76     10.78       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38       Tier 1				
PER SHARE DATA     Substrikt       Basic Net Income Per Common Share     \$0.73     \$0.46     \$0.58       Diluted Net Income Per Common Share     \$0.71     \$0.45     \$0.57       Cash Dividend Spectared Per Common Share     \$0.22     \$0.22     \$0.22     \$0.11       Dividend Payout     \$0.89%     \$48.89%     \$3.33%       Book Value Per Common Share (equity per share issued)     \$18.61     \$17.64     \$2.43     \$48.95%     \$3.33%       Book Value Per Common Share (outper share issued)     \$18.66     \$18.57     \$2.43     \$48.25     \$3.68       Basic Weighted Average Common Shares Outstanding     \$25.57,414     \$25.194,303     \$25.152,242       Diluted Weighted Average Common Shares Outstanding     \$25.57,414     \$25.194,303     \$25.152,242       Diluted Weighted Average Common Shares Outstanding     \$25.57,414     \$25.194,303     \$25.152,242       Return on Average Stast     \$9.99     \$1.66     \$10.02     \$4.69     \$4.50     \$3.63     \$3.33     \$3.27       Fert Interest Margin     \$1.52     \$9.87     \$1.363     \$4.52     \$4.59     \$4.50     \$4.52	-			
Basic Net Income Per Common Share     \$0.73     \$0.46     \$0.58       Diluted Net Income Per Common Share     0.71     0.45     0.57       Cash Dividend Declared Per Common Share     0.22     0.22     0.19       Dividend Payout     30.99%     48.89%     33.33%       Book Value Per Common Share (equity per share issued)     18.71     18.60     17.36       Tangible Book Value Per Common Share (1)     18.56     18.45     17.24       Market Value - Low     45.01     45.26     39.66       Basic Weighted Average Common Shares Outstanding     25.696.664     25.701.337     25.596.136       KEV ATIOS     15.82     9.87     13.63       Return on Average Total Equity     15.82     9.87     13.63       Average Equity to Average Assets     9.99     10.16     10.02       Fliciency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Ler Meterst Margin     3.36     3.33     3.27     Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Ler Leverage (2)		10,000	11,027	14,014
Diluted Net Income Per Common Share     0.71     0.45     0.57       Cash Dividend Beclared Per Common Share     0.22     0.22     0.19       Dividend Payout     30.99%     48.89%     33.33%       Book Value Per Common Share (equity per share issued)     18.71     18.60     17.26       Tangible Book Value Per Common Share (1)     18.56     18.45     17.24       Market Value - High     51.76     52.43     48.32       Market Value - Low     45.01     45.26     39.68       Basic Weighted Average Common Shares Outstanding     25,257.414     25,194.003     25,152.424       Diluted Weighted Average Total Equity     15.82     9.87     13.63       Average Total Equity     15.82     9.87     13.63       Average Equity to Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Ickerage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     13.41		\$0.73	\$0.46	\$0.58
Cash Dividends Declared Per Common Share     0.22     0.12     0.19       Dividend Payout     30.99%     48.89%     33.33%       Book Value Per Common Share (1)     18.56     18.45     17.24       Market Value – High     51.76     52.43     48.32       Market Value – High     52.76     52.43     48.32       Diluted Weighted Average Common Shares Outstanding     25.257.414     25.194.903     25.5596.136       KEV NATIOS     725.596.136     73.63     73.63     73.63       Nearage Assets     15.89%     1.00%     1.37%       Return on Average Common Shares Outstanding     3.36     3.33     3.27       Return on Average Coal Equity     15.82     9.87     13.63       Average Equity to Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Nointerest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78     11.37     11.38     Total Capital (2)     10.77 <td< td=""><td></td><td></td><td></td><td></td></td<>				
Dividend Payout     30.99%     48.89%     33.33%       Book Value Per Common Share (quity per share issued)     18.71     18.60     17.34       Tangible Book Value Per Common Share (1)     18.76     52.43     48.22       Market Value – Low     45.01     45.26     39.68       Basic Weighted Average Common Shares Outstanding     25.257.414     25,194.903     25,152,242       Ditured Weighted Average Common Shares Outstanding     25.257.414     25,194.903     25,152,242       Return on Average Assets     1.58%     1.00%     1.37%       Return on Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Fer I Leverage (2)     10.77     10.76     10.78       Tier I Risk-Based Capital (2)     12.30     12.10     12.16       Common Equity Tier 1 (CET1) (2)     13.41     13.26     13.31       Total Capital (2)     13.41     13.26     13.31       Total Capital (2)     2.168     \$9.613     \$1,490       Loans Past Due 30 - 80 Days     1.002     9.401     10.165				
Book Value Per Common Share (equity per share issued)     18.71     18.60     17.36       Tangible Book Value Per Common Share (1)     18.56     18.45     17.24       Market Value - High     51.76     52.43     48.32       Market Value - Low     45.01     45.26     39.68       Basic Weighted Average Common Shares Outstanding     25,569.644     25,701,337     25,596,136       KEY RATIOS     7     7     25,396,136     7     36       Return on Average Assets     1.58%     9.87     13.63       Average Equity to Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Risk-Based Capital (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     11.57     11.37     11.33       Tangible Capital (1) (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     9.94     9.93     10.06       Asset Due 30 - 89 Days     52,168 </td <td></td> <td></td> <td></td> <td></td>				
Tangible Book Value Per Common Share (1)   18.56   18.45   17.24     Market Value – High   51.76   52.43   48.32     Market Value – Low   45.01   45.26   39.68     Basic Weighted Average Common Shares Outstanding   25.257,414   25,194.903   25,152,242     Diluted Weighted Average Common Shares Outstanding   25,696,684   25,701,337   25,596,136     Kerr on Average Total Equity   1.582   9.87   13.63     Average Equity to Average Assets   9.99   10.16   10.02     Return on Average Total Equity   3.36   3.33   3.27     Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)   45.99   43.69   49.72     Tier 1 Risk-Based Capital (2)   10.77   10.76   10.78   11.37     Common Equity Tier 1 (CET1) (2)   11.57   11.37   11.38     Tangible Capital (1) (2)   9.94   9.93   10.06     Asset   9.90 Days   2.6   6   16.33     Non-accrual Loans   11.002   9.401   10.88     Non-accrual Loans   11.002   9.407   11.818     O				
Market Value - High     51.76     52.43     48.32       Market Value - Low     45.01     45.02     39.68       Basic Weighted Average Common Shares Outstanding     25.257.41     25.194.903     25.52.242       Diluted Weighted Average Common Shares Outstanding     25.696.864     25.701.337     25.596.136       KEY RATIOS     15.82     9.87     13.63       Return on Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78     11.87     11.38       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38     10.34     13.26     13.31       Tangible Capital (1) (2)     13.41     13.26     16.53     10.85       Non-accrual Loans     10.02     9.401     10.185     10.185       Non-accrual Loans     11.002     9.407     11.818     10.185       Non-accrual Loans     10     40 </td <td></td> <td></td> <td></td> <td></td>				
Market Value – Low     45.01     45.26     39.68       Basic Weighted Average Common Shares Outstanding     25,257,414     25,194,903     25,152,242       Diluted Weighted Average Common Shares Outstanding     25,696,864     25,701,337     25,596,136       KET NATIOS     1.58%     1.00%     1.37%       Return on Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     11.57     11.37     11.38       Tangible Capital (1)     11.57     11.37     11.38       Tangible Capital (1)     9.94     9.93     10.06       ASET QUALITY     9.94     9.93     10.06       Loans Past Due 30 Ago nore     26     6     16,33       Non-accual Loans     11.002     9.401     10.185       Other Real Extate Owned     10     40     115       Other Real E				
Basic Weighted Average Common Shares Outstanding     25,257,414     25,194,903     25,152,242       Diluted Weighted Average Common Shares Outstanding     25,096,864     25,701,337     25,596,136       KEY RATUOS     1.58%     1.00%     1.37%       Return on Average Assets     1.58%     1.00%     1.37%       Average Equity to Average Assets     9.99     10.16     10.02       Neture of Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78     11.37       Tiat Nisk-Based Capital (2)     11.57     11.37     11.38       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     13.41     13.26     13.31       ASSET QUALITY     1.002     9.40     9.30     10.06       Non-accrupt Assets     11.028     9.407     11.818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     11.151     9.502 <td></td> <td></td> <td></td> <td></td>				
Diluted Weighted Average Common Shares Outstanding     25,696,664     25,701,337     25,596,136       KEY RATIOS				
KEY RATIOS     I.58%     1.00%     1.37%       Return on Average Assets     1.58%     1.00%     1.37%       Return on Average Total Equity     15.82     9.87     13.63       Average Equity to Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     11.37     11.36       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.36       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     9.94     9.93     10.06       ASSET QUALITY     10     41     13.26     13.31       Total Capital (2)     11.02     9.401     10.185       Cohen Capital (1) (2)     9.94     9.93     10.06       ASSET QUALITY     11.02     9.401     10.185       Cohen Scinculue nonperforming TDR's)     11.002				
Return on Average Total Equity     15.82     9.87     13.63       Average Equity to Average Note Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     11.57     11.37     11.38       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     3.94     9.93     10.06       ASSET QUALITY     11.07     11.37     11.38       Non-accrual Loans     11,002     9.40     10.185       Non-accrual Loans     11,002     9.401     10.185       Non-accrual Loans     11,002     9.401     10.185       Non-accrual Loans     11002     9.401     10.185       Non-accrual Loans     114     55     15       Total Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,51     9,502     11,948       Performing Troubled Debt Restructurings <t< td=""><td></td><td></td><td>, ,</td><td>, ,</td></t<>			, ,	, ,
Return on Average Total Equity     15.82     9.87     13.63       Average Equity to Average Note Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     11.57     11.37     11.38       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     3.94     9.93     10.06       ASSET QUALITY     11.07     11.37     11.38       Non-accrual Loans     11,002     9.40     10.185       Non-accrual Loans     11,002     9.401     10.185       Non-accrual Loans     11,002     9.401     10.185       Non-accrual Loans     11002     9.401     10.185       Non-accrual Loans     114     55     15       Total Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,51     9,502     11,948       Performing Troubled Debt Restructurings <t< td=""><td>Return on Average Assets</td><td>1.58%</td><td>1.00%</td><td>1.37%</td></t<>	Return on Average Assets	1.58%	1.00%	1.37%
Average Equity to Average Assets     9.99     10.16     10.02       Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     12.30     12.10     12.16       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38       Total Capital (2)     9.94     9.93     10.06       ASSET QUALITY     9.94     9.93     10.06       Loans Past Due 30 - 89 Days     \$2,168     \$9,613     \$1,490       Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,401     10,185       Non-accrual Loans     11,002     9,401     10,185       Non-accrual Loans     11,002     9,407     11,818       Other Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Toubled Deb				
Net Interest Margin     3.36     3.33     3.27       Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)     45.99     43.69     49.72       Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     12.30     12.10     12.16       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38       Total Capital (2)     9.94     9.93     10.06       ASSET QUALITY     9.94     9.93     10.06       Loans Past Due 30 - 89 Days     S2,168     S9,613     S1,490       Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,407     11,818       Other Real Estate Owned     10     40     115       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180  <	0 1 5			
Efficiency (Noninterest Expense / Net Interest Income plus Noninterest Income)   45.99   43.69   49.72     Tier 1 Leverage (2)   10.77   10.76   10.78     Tier 1 Risk-Based Capital (2)   12.30   12.10   12.16     Common Equity Tier 1 (CET1) (2)   11.57   11.37   11.38     Total Capital (2)   13.41   13.26   13.31     Tangible Capital (1) (2)   9.94   9.93   10.06     ASSET QUALITY   10   26   6   1,633     Non-accrual Loans   11,002   9,401   10,185     Non-accrual Loans   11,002   9,401   10,185     Nohreforming Loans (includes nonperforming TDR's)   11,028   9,407   11.818     Other Nonperforming Assets   11   5   15     Total Nonperforming Troubled Debt Restructurings (included in nonperforming loans)   7,945   7,750   7,180     Total Troubled Debt Restructurings (included in nonperforming loans)   12,029   10,643   17,414     Impaired Loans   12,029   10,643   17,414     Impaired Loans   166,205   157,834   13,0551     Total Troubled Debt Restructur				
Tier 1 Leverage (2)     10.77     10.76     10.78       Tier 1 Risk-Based Capital (2)     12.30     12.10     12.16       Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     9.94     9.93     10.06       ASSET QUALITY     26     6     1,633       Loans Past Due 30 - 89 Days     \$2,168     \$9,613     \$1,490       Non-accrual Loans     11,002     9,401     10,185       Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     166,205     157,834     13,651     1670	0			
Common Equity Tier 1 (CET1) (2)     11.57     11.37     11.38       Total Capital (2)     13.41     13.26     13.31       Tangible Capital (1) (2)     9.94     9.93     10.06       ASSET QUALITY      2     1				10.78
Total Capital (2)   13.41   13.26   13.31     Tangible Capital (1) (2)   9.94   9.93   10.06     ASSET QUALITY	Tier 1 Risk-Based Capital (2)	12.30	12.10	12.16
Tangible Capital (1) (2)   9.94   9.93   10.06     ASSET QUALITY	Common Equity Tier 1 (CET1) (2)	11.57	11.37	11.38
ASSET QUALITY       Loans Past Due 30 - 89 Days     \$2,168     \$9,613     \$1,490       Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Match List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans	Total Capital (2)	13.41	13.26	13.31
Loans Past Due 30 - 89 Days     \$2,168     \$9,613     \$1,490       Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     17,703     152,221       Gross Charge Offs     4,977     625     503       Net Charge Offs/(Recoveries)     4,794     226     144       Net Charge Offs/(Recoveries) to Average Loans     0,51%     0.02%	Tangible Capital (1) (2)	9.94	9.93	10.06
Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,051       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans     0,51%     0,02%     0.02%	ASSET QUALITY			
Loans Past Due 90 Days or More     26     6     1,633       Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     112,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans     0,51%     0,02%     0,02%	Loans Past Due 30 - 89 Days	\$2,168	\$9,613	\$1,490
Non-accrual Loans     11,002     9,401     10,185       Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans     0,51%     0,02%     0,02%				
Nonperforming Loans (includes nonperforming TDR's)     11,028     9,407     11,818       Other Real Estate Owned     10     40     115       Other Nonperforming Assets     114     55     15       Total Nonperforming Assets     11,151     9,502     11,948       Performing Troubled Debt Restructurings     4,085     2,893     10,234       Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans     0.51%     0.02%     0.02%	-	11,002	9,401	
Other Nonperforming Assets   114   55   15     Total Nonperforming Assets   11,151   9,502   11,948     Performing Troubled Debt Restructurings   4,085   2,893   10,234     Nonperforming Troubled Debt Restructurings (included in nonperforming loans)   7,945   7,750   7,180     Total Troubled Debt Restructurings   12,029   10,643   17,414     Impaired Loans   15,824   13,869   21,670     Non-Impaired Watch List Loans   166,205   157,834   130,551     Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries) to Average Loans   0.51%   0.02%   0.02%	Nonperforming Loans (includes nonperforming TDR's)	11,028	9,407	
Total Nonperforming Assets   11,151   9,502   11,948     Performing Troubled Debt Restructurings   4,085   2,893   10,234     Nonperforming Troubled Debt Restructurings (included in nonperforming loans)   7,945   7,750   7,180     Total Troubled Debt Restructurings   12,029   10,643   17,414     Impaired Loans   15,824   13,869   21,670     Non-Impaired Watch List Loans   166,205   157,834   130,551     Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries) to Average Loans   0,51%   0,02%   0,02%	Other Real Estate Owned	10	40	115
Performing Troubled Debt Restructurings   4,085   2,893   10,234     Nonperforming Troubled Debt Restructurings (included in nonperforming loans)   7,945   7,750   7,180     Total Troubled Debt Restructurings   12,029   10,643   17,414     Impaired Loans   15,824   13,869   21,670     Non-Impaired Watch List Loans   166,205   157,834   130,551     Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries) to Average Loans   0,51%   0,02%   0,02%	Other Nonperforming Assets	114	55	15
Nonperforming Troubled Debt Restructurings (included in nonperforming loans)     7,945     7,750     7,180       Total Troubled Debt Restructurings     12,029     10,643     17,414       Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries) to Average Loans     0,51%     0,02%     0,02%	Total Nonperforming Assets	11,151	9,502	11,948
Total Troubled Debt Restructurings   12,029   10,643   17,414     Impaired Loans   15,824   13,869   21,670     Non-Impaired Watch List Loans   166,205   157,834   130,551     Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries) to Average Loans   0.51%   0.02%   0.02%	Performing Troubled Debt Restructurings	4,085		
Total Troubled Debt Restructurings   12,029   10,643   17,414     Impaired Loans   15,824   13,869   21,670     Non-Impaired Watch List Loans   166,205   157,834   130,551     Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries) to Average Loans   0.51%   0.02%   0.02%		7,945		
Impaired Loans     15,824     13,869     21,670       Non-Impaired Watch List Loans     166,205     157,834     130,551       Total Impaired and Watch List Loans     182,029     171,703     152,221       Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries)     4,794     226     144       Net Charge Offs/(Recoveries) to Average Loans     0.51%     0.02%     0.02%	Total Troubled Debt Restructurings	12,029	10,643	
Total Impaired and Watch List Loans   182,029   171,703   152,221     Gross Charge Offs   4,977   625   503     Recoveries   183   399   359     Net Charge Offs/(Recoveries)   4,794   226   144     Net Charge Offs/(Recoveries) to Average Loans   0.51%   0.02%   0.02%	Impaired Loans		13,869	
Gross Charge Offs     4,977     625     503       Recoveries     183     399     359       Net Charge Offs/(Recoveries)     4,794     226     144       Net Charge Offs/(Recoveries) to Average Loans     0.51%     0.02%     0.02%		166,205	157,834	
Recoveries     183     399     359       Net Charge Offs/(Recoveries)     4,794     226     144       Net Charge Offs/(Recoveries) to Average Loans     0.51%     0.02%     0.02%		182,029	171,703	152,221
Net Charge Offs/(Recoveries)     4,794     226     144       Net Charge Offs/(Recoveries) to Average Loans     0.51%     0.02%     0.02%	Gross Charge Offs	4,977		503
Net Charge Offs/(Recoveries) to Average Loans0.51%0.02%0.02%		183	399	359
Loan Loss Reserve to Loans     1.19%     1.23%     1.24%				0.02%
	Loan Loss Reserve to Loans	1.19%	1.23%	1.24%

Loan Loss Reserve to Nonperforming Loans	413.75%	500.91%	370.31%
Loan Loss Reserve to Nonperforming Loans and Performing TDR's	301.92%	383.10%	198.48%
Nonperforming Loans to Loans	0.29%	0.25%	0.33%
Nonperforming Assets to Assets	0.24%	0.20%	0.28%
Total Impaired and Watch List Loans to Total Loans	4.73%	4.50%	4.31%
OTHER DATA			
Full Time Equivalent Employees	539	539	528
Offices	49	49	49

(1) Non-GAAP financial measure - see "Reconciliation of Non-GAAP Financial Measures"(2) Capital ratios for March 31, 2018 are preliminary until the Call Report is filed.

### CONSOLIDATED BALANCE SHEETS (in thousands except share data)

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS	(Unautiteu)	
Cash and due from banks	\$113,509	\$140,402
Short-term investments	54,042	35,778
Total cash and cash equivalents	167,551	176,180
Securities available for sale (carried at fair value)	560,664	538,493
Real estate mortgage loans held for sale	1,511	3,346
Loans, net of allowance for loan losses of \$45,627 and \$47,121	3,800,041	3,771,338
Land, premises and equipment, net	55,737	56,466
Bank owned life insurance	76,109	75,879
Federal Reserve and Federal Home Loan Bank stock	13,772	13,772
Accrued interest receivable	14,616	14,093
Goodwill	4,970	4,970
Other assets	31,977	28,439
Total assets	\$4,726,948	\$4,682,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Noninterest bearing deposits	\$858,950	\$885,622
Interest bearing deposits	3,240,538	3,123,033
Total deposits	4,099,488	4,008,655
Borrowings		
Securities sold under agreements to repurchase	94,716	70,652
Federal Home Loan Bank advances	0	80,030
Subordinated debentures	30,928	30,928
Total borrowings	125,644	181,610
Accrued interest payable	7,484	6,311
Other liabilities	20,999	17,733
Total liabilities	4,253,615	4,214,309
STOCKHOLDERS' EQUITY		
Common stock: 90,000,000 shares authorized, no par value		
25,291,582 shares issued and 25,124,441 outstanding as of March 31, 2018		
25,194,903 shares issued and 25,025,933 outstanding as of December 31, 2017	107,860	108,862
Retained earnings	376,782	363,794
Accumulated other comprehensive income/(loss)	(7,920)	(670)
Treasury stock, at cost (2018 - 167,141 shares, 2017 - 168,970 shares)	(3,478)	(3,408)
Total stockholders' equity	473,244	468,578
Noncontrolling interest	89 473,333	89 468,667
Total equity	\$4,726,948	\$4,682,976
Total liabilities and equity	ψ+,720,040	φ+,002,370

### CONSOLIDATED STATEMENTS OF INCOME (unaudited - in thousands except share and per share data)

	Three Months Ended March 31,		
	2018	2017	
NET INTEREST INCOME			
Interest and fees on loans			
Taxable	\$41,794	\$34,447	
Tax exempt	217	150	
Interest and dividends on securities			
Taxable	2,434	2,320	
Tax exempt	1,331	1,162	
Interest on short-term investments	292	48	
Total interest income	46,068	38,127	
Interest on deposits	9,367	5,442	
Interest on borrowings			
Short-term	111	310	
Long-term	367	314	
Total interest expense	9,845	6,066	
NET INTEREST INCOME	36,223	32,061	
Provision for loan losses	3,300	200	
		200	
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	32,923	31,861	
	020,220	51,001	
NONINTEREST INCOME			
Wealth advisory fees	1,505	1,250	
Investment brokerage fees	290	321	
Service charges on deposit accounts	3,628	3,143	
Loan and service fees	2,177	1,893	
Merchant card fee income	642	538	
Bank owned life insurance income	363	471	
Other income	1,039	509	
Mortgage banking income	241	131	
Net securities gains/(losses)	(6)		
Total noninterest income	9,879	8,259	
NONINTEREST EXPENSE			
Salaries and employee benefits	12,019	11,370	
Other components of net periodic pension cost	49	51	
Net occupancy expense	1,426	1,120	
Equipment costs	1,274	1,075	
Data processing fees and supplies	2,513	2,016	
Corporate and business development	1,133	1,502	
FDIC insurance and other regulatory fees	461	434	
Professional fees	872	954	
Other expense	1,455	1,526	
Total noninterest expense	21,202	20,048	
INCOME BEFORE INCOME TAX EXPENSE	21,600	20,072	
Income tax expense	3,264	5,558	
NET INCOME	\$18,336	\$14,514	
BASIC WEIGHTED AVERAGE COMMON SHARES	25,257,414	25,152,242	
	\$0.73	\$0.58	
BASIC EARNINGS PER COMMON SHARE DILUTED WEIGHTED AVERAGE COMMON SHARES	25,696,864	25,596,136	
	\$0.71	\$0.57	

#### LAKELAND FINANCIAL CORPORATION LOAN DETAIL FIRST QUARTER 2018 (unaudited in thousands)

	March 31, 2018		December 2017	31,	March 31, 2017	
Commercial and industrial loans:						
Working capital lines of credit loans	\$778,779	20.2 %	\$743,609	19.4 %	\$650,691	18.4 %
Non-working capital loans	706,228	18.4	675,072	17.7	673,374	19.1
Total commercial and industrial loans	1,485,007	38.6	1,418,681	37.1	1,324,065	37.5
Commercial real estate and multi-family residential loans:						
Construction and land development loans	237,887	6.2	224,474	5.9	238,018	6.7
Owner occupied loans	543,192	14.1	538,603	14.1	468,621	13.3
Nonowner occupied loans	507,041	13.2	508,121	13.3	463,186	13.1
Multifamily loans	193,956	5.0	173,715	4.5	201,147	5.7
Total commercial real estate and multi-family residential loans	1,482,076	38.5	1,444,913	37.8	1,370,972	38.8
Agri-business and agricultural loans:						
Loans secured by farmland	145,363	3.8	186,437	4.9	138,071	3.9
Loans for agricultural production	171,607	4.5	196,404	5.1	189,516	5.4
Total agri-business and agricultural loans	316,970	8.3	382,841	10.0	327,587	9.3
Other commercial loans	116,657	3.0	124,076	3.3	105,684	3.0
Total commercial loans	3,400,710	88.4	3,370,511	88.2	3,128,308	88.6
	5,400,710	00.4	5,570,511	00.2	5,120,500	00.0
Consumer 1-4 family mortgage loans:						
Closed end first mortgage loans	180,542	4.7	179,302	4.7	166,158	4.7
Open end and junior lien loans	179,065	4.7	181,865	4.8	167,517	4.7
Residential construction and land development loans	13,342	0.3	13,478	0.3	10,274	0.3
Total consumer 1-4 family mortgage loans	372,949	9.7	374,645	9.8	343,949	9.7
Other consumer loans	73,277	1.9	74,369	2.0	60,881	1.7
Total consumer loans	446,226	11.6	449,014	11.8	404,830	11.4
Subtotal	3,846,936	100.0 %	3,819,525	100.0 %	3,533,138	100.0 %
Less: Allowance for loan losses	(45,627)		(47,121)		(43,774)	
Net deferred loan fees	(1,268)		(1,066)		(859)	
Loans, net	\$3,800,041		\$3,771,338	=	\$3,488,505	

### LAKELAND FINANCIAL CORPORATION DEPOSITS AND BORROWINGS FIRST QUARTER 2018 (unaudited in thousands)

	March 31, 2018	December 31, 2017	March 31, 2017
Non-interest bearing demand deposits	\$858,950	\$885,622	\$762,575
Savings and transaction accounts:			
Savings deposits	272,472	263,570	277,148
Interest bearing demand deposits	1,491,220	1,446,880	1,346,651
Time deposits:			
Deposits of \$100,000 or more	1,216,802	1,161,365	1,056,025
Other time deposits	260,044	251,218	236,998
Total deposits	\$4,099,488	\$4,008,655	\$3,679,397
FHLB advances and other borrowings	125,644	181,610	175,734
Total funding sources	\$4,225,132	\$4,190,265	\$3,855,131

#### LAKELAND FINANCIAL CORPORATION AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS (UNAUDITED)

								ree Months Ended March 31, 2017	
	Average	Interest	Yield (1)/	Average	Interest	Yield (1)/	Average	Interest	Yield (1)/
(fully tax equivalent basis, dollars in	0			0			C		
thousands)	Balance	Income	Rate	Balance	Income	Rate	Balance	Income	Rate
Earning Assets									
Loans:									
Taxable (2)(3)	\$3,767,300	\$41,794	4.50%	\$3,703,260	\$40,251	4.31%	\$3,491,018	\$34,447	4.00%
Tax exempt (1)	24,622	272	4.48	24,707	321	5.15	18,137	221	4.94
Investments: (1)									
Available for sale	546,042	4,119	3.06	537,796	4,272	3.15	515,283	4,083	3.21
Short-term investments	4,579	9	0.80	4,377	7	0.63	5,121	5	0.40
Interest bearing deposits	78,918	283	1.45	53,109	149	1.11	30,326	43	0.58
Total earning assets	\$4,421,461	\$46,477	4.26%	\$4,323,249	\$45,000	4.13%	\$4,059,885	\$38,799	3.88%
Less: Allowance for loan losses	(47,189)			(46,281)			(43,981)		
Nonearning Assets									
Cash and due from banks	137,738			127,028			108,682		
Premises and equipment	56,192			56,719			52,729		
Other nonearning assets	138,524			138,094			132,830		
Total assets	\$4,706,726			\$4,598,809			\$4,310,145		
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Interest Bearing Liabilities									
Savings deposits	\$268,091	\$89	0.13%	\$270,978	\$95	0.14%	\$271,087	\$99	0.15%
Interest bearing checking accounts	1,491,820	3,575	0.97	1,451,544	3,024	0.83	1,383,791	1,952	0.57
Time deposits:									
In denominations under \$100,000	255,209	848	1.35	247,875	811	1.30	238,347	670	1.14
In denominations over \$100,000	1,238,189	4,855	1.59	1,180,719	4,374	1.47	975,450	2,721	1.13
Miscellaneous short-term									
borrowings	82,862	111	0.54	84,132	118	0.56	184,950	310	0.68
Long-term borrowings and									
subordinated debentures	30,933	367	4.81	30,958	347	4.45	30,959	314	4.11
Total interest bearing liabilities	\$3,367,104	\$9,845	1.19%	\$3,266,206	\$8,769	1.07%	\$3,084,584	\$6,066	0.80%
Noninterest Bearing Liabilities									
Demand deposits	841,608			838,476			768,495		
Other liabilities	28,016			26,668			25,172		
Stockholders' Equity	469,998			467,459			431,894		
Total liabilities and stockholders'									
equity	\$4,706,726			\$4,598,809			\$4,310,145		
Interest Margin Recap									
Interest income/average earning		10 177	4.00		45.000	4 1 0		20.700	2.00
assets		46,477	4.26		45,000	4.13		38,799	3.88
Interest expense/average earning		0.045	0.00		0.700	0.00		6.000	0.01
assets		9,845	0.90		8,769	0.80		6,066	0.61
Net interest income and margin		\$36,632	3.36%		\$36,231	3.33%		\$32,733	<u> </u>

(1) Tax exempt income was converted to a fully taxable equivalent basis at a 21 percent tax rate for 2018 and a 35 percent tax rate for 2017. The tax equivalent rate for tax exempt loans and tax exempt securities acquired after January 1, 1983 included the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") adjustment applicable to nondeductible interest expenses. Taxable equivalent basis adjustments were \$409,000, \$839,000 and \$672,000 in the three-month periods ended March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

(2) Loan fees, which are immaterial in relation to total taxable loan interest income for 2018 and 2017, are included as taxable loan interest income.

(3) Nonaccrual loans are included in the average balance of taxable loans.



#### (1) Reconciliation of Non-GAAP Financial Measures

Tangible common equity, tangible assets, tangible book value per share and the tangible common equity to tangible assets ratio are non-GAAP financial measures calculated using GAAP amounts. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of stockholders' equity, net of deferred tax. Tangible assets are calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets, net of deferred tax. Tangible book value per share is calculated by dividing tangible common equity by the number of shares outstanding. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies. However, management considers these measures of the company's value including only earning assets as meaningful to an understanding of the company's financial information.

Net income applicable to Lakeland Financial Corporation and earnings per diluted share, excluding the income tax expense adjustment for the deferred tax asset revaluation, are non-GAAP financial measures that the company considers useful for investors to allow better comparability of operating performance. The income tax expense adjustment consists of a \$4.1 million, or \$0.16 per diluted common share, revaluation of the company's net deferred tax asset as a result of the enactment of the Tax Cuts and Jobs Act in 2017.

A reconciliation of these non-GAAP financial measures is provided below (dollars in thousands, except per share data).

		Three Months Ended								
		Mar. 31, 2018		Dec. 31, 2017		: 31, 17				
Total Equity	\$	473,333	\$	468,667	\$	437,202				
Less: Goodwill		(4,970)		(4,970)		(4,970)				
Plus: Deferred tax assets related to goodwill		1,174		1,171		1,840				
Tangible Common Equity		469,537		464,868		434,072				
Assets	\$	4,726,948	\$	4,682,976	\$	4,319,103				
Less: Goodwill		(4,970)		(4,970)		(4,970)				
Plus: Deferred tax assets related to goodwill		1,174		1,171		1,840				
Tangible Assets		4,723,152		4,679,177		4,315,973				
Ending common shares issued	2	5,291,582	1,582 25,194,903		25,180,759					
Tangible Book Value Per Common Share	\$	18.56	\$	18.45	\$	17.24				
Tangible Common Equity/Tangible Assets		9.94%		9.93%		10.06%				
Net Income	\$	18,336	\$	11,627	\$	14,514				
Plus: Additional tax expense due to adjusting deferred tax asset		0		4,137		0				
Net income excluding effect of deferred tax adjustment	\$	18,336	\$	15,764	\$	14,514				
Diluted Weighted Average Common Shares Outstanding	2	25,696,864		25,696,864 25		25,696,864 25,701,337		5,701,337	2	5,596,136
Diluted net income per share excluding effect of										
of deferred tax adjustment	\$	0.71	\$	0.61	\$	0.57				

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