

Lakeland Financial Corporation

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

4th Quarter 2022

LKFN

NASDAQ[®]
LISTED

150 Lake City Bank
1872 / 2022



1872 / 2022

CELEBRATING 150 YEARS
OF COMMUNITY

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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. Forward-looking statements are not historical facts and 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. All statements in this presentation, including forward-looking statements, speak only as of today’s date, and the Company undertakes no obligation to update any statement in light of new information or future events.

The Company’s ability to predict results or the actual effect of future plans or strategies is inherently uncertain and, accordingly, you are cautioned not to place undue reliance on any forward-looking statement. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including, without limitation: (i) the effects of future economic, business and market conditions and changes, including the effects of governmental monetary and fiscal policies, (ii) the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities and other interest sensitive assets and liabilities, (iii) changes in borrowers’ credit risks and payment behaviors, (iv) the timing and scope of any legislative and regulatory changes, including changes in tax and banking laws and regulations and their application by the Company’s regulators, (v) the failure of assumptions and estimates used in the Company’s reviews of its loan portfolio, underlying the establishment of reserves for possible credit losses, the Company’s analysis of its capital position and other estimates; and (vi) the risks noted in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, as well as other risks and uncertainties set forth from time to time in the Company’s other filings with the Securities and Exchange Commission.

Bank Director's 2021 Scorecard

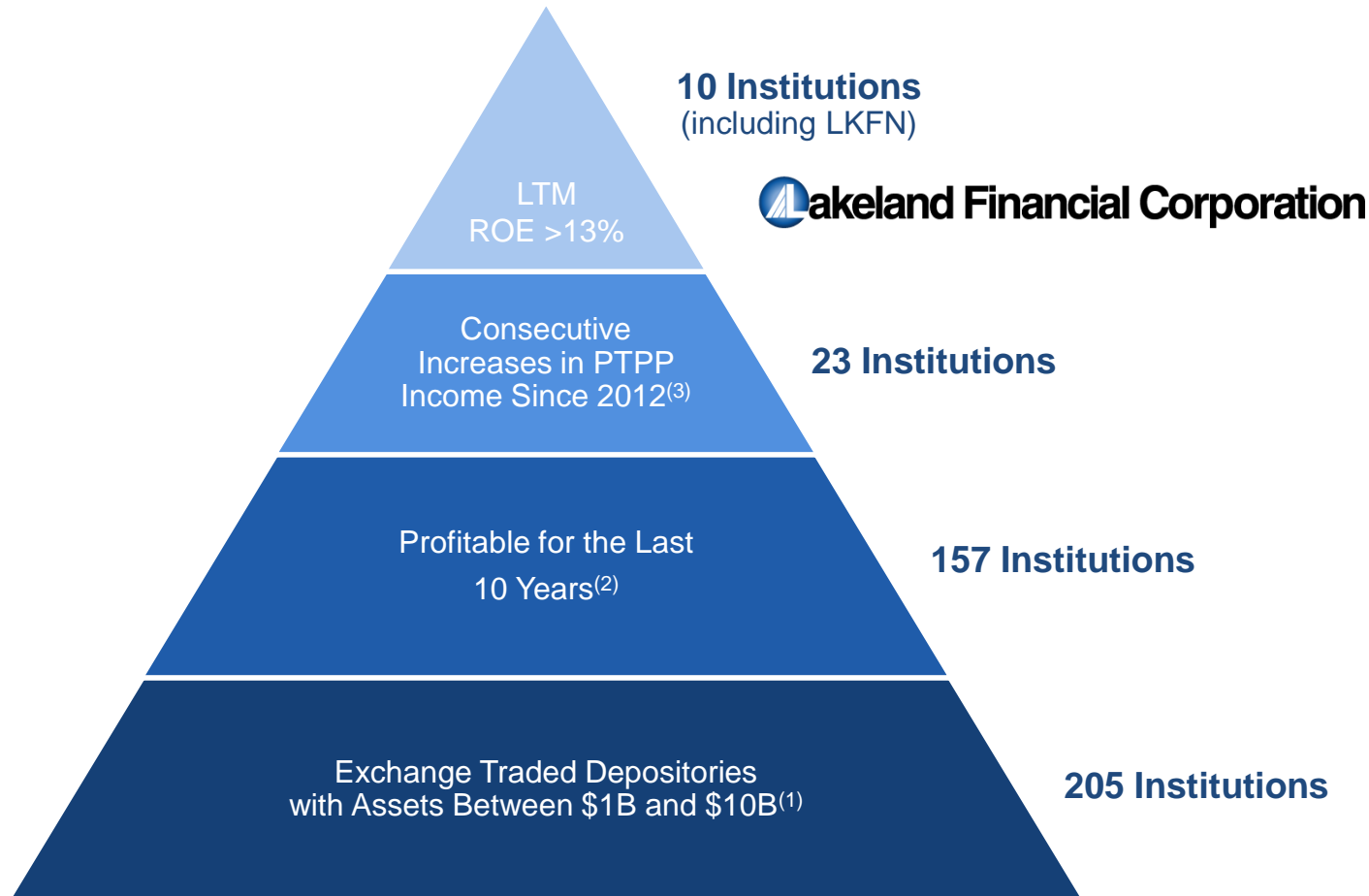
2021
BANK
PERFORMANCE
SCORE
CARD

\$5 BILLION UP TO \$50 BILLION

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



Long Term Success for Shareholders



Source: S&P Capital IQ Pro. Financial data is as of September 30, 2022.

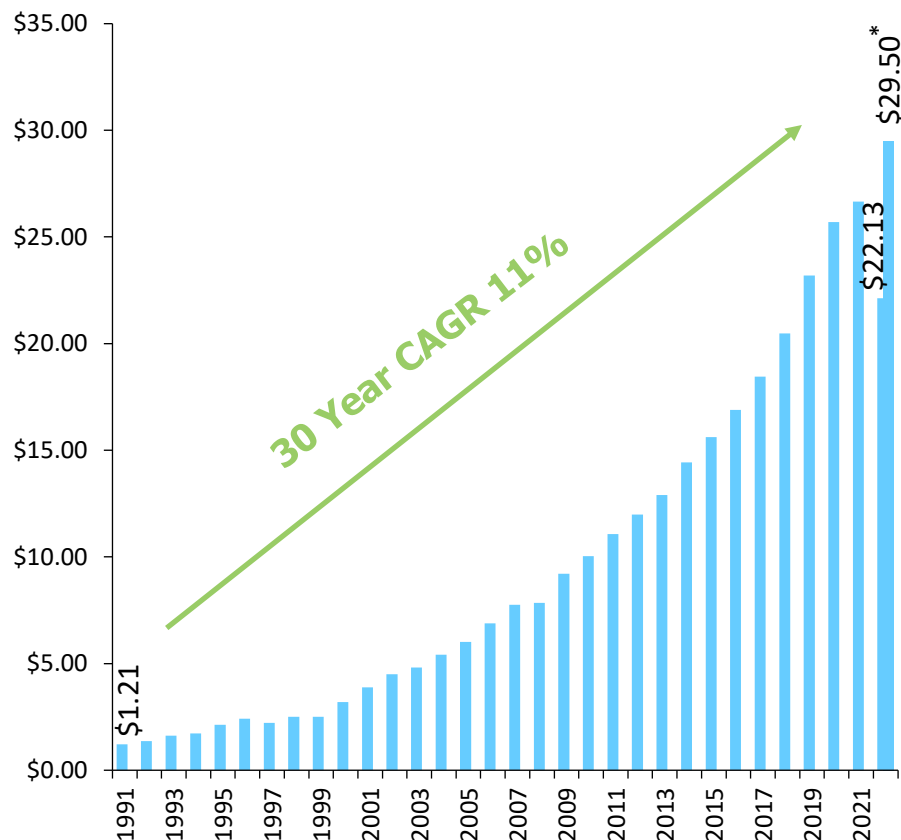
(1) Includes banks and thrifts traded on the NYSE, NYSEAM or NASDAQ as of 12/19/22; excludes merger targets.

(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, 2012 through December 31, 2021). Net income before extraordinary items is defined by S&P Capital IQ Pro 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 Capital IQ Pro.

(3) Defined as consecutive increases in pre-tax, pre-provision earnings (excludes nonrecurring revenues and expenses, one-time goodwill impairment charges) for each of the years ending December 31, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

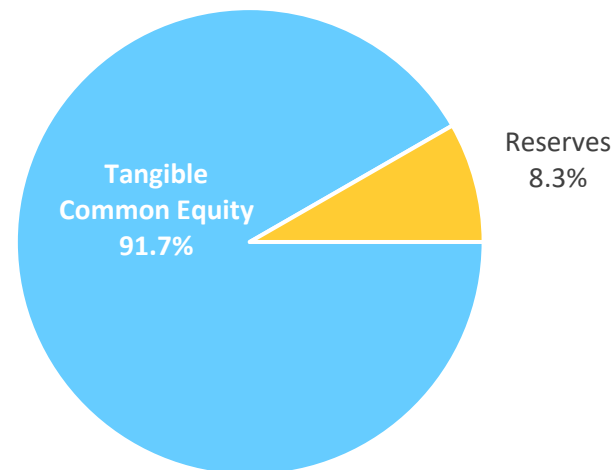
Strong Capital Structure

Tangible Book Value⁽¹⁾ Per Share



⁽¹⁾compounded annual growth rate computed from 1991-2021

*TBV adjusted to exclude the market value impact of AFS investment securities for TCE and Tangible Assets



Key Ratios and Per Share Data as of December 31, 2022

TCE/Tangible Assets	8.79%
Adj. TCE/Adj. Tangible Assets	11.30%
Total Risk-Based	15.14%
Leverage	11.50%
Book Value	\$22.28
Tangible Book Value	\$22.13
Adj. Tangible Book Value	\$29.50

Note: Tangible Common Equity to Tangible Assets and Tangible Book Value per Common Share are Non-GAAP financial measures. See "Reconciliation of Non-GAAP Financial Measures" in the Fourth Quarter 2022 Earnings Press Release and Form 8-K.

Lake City Bank Today

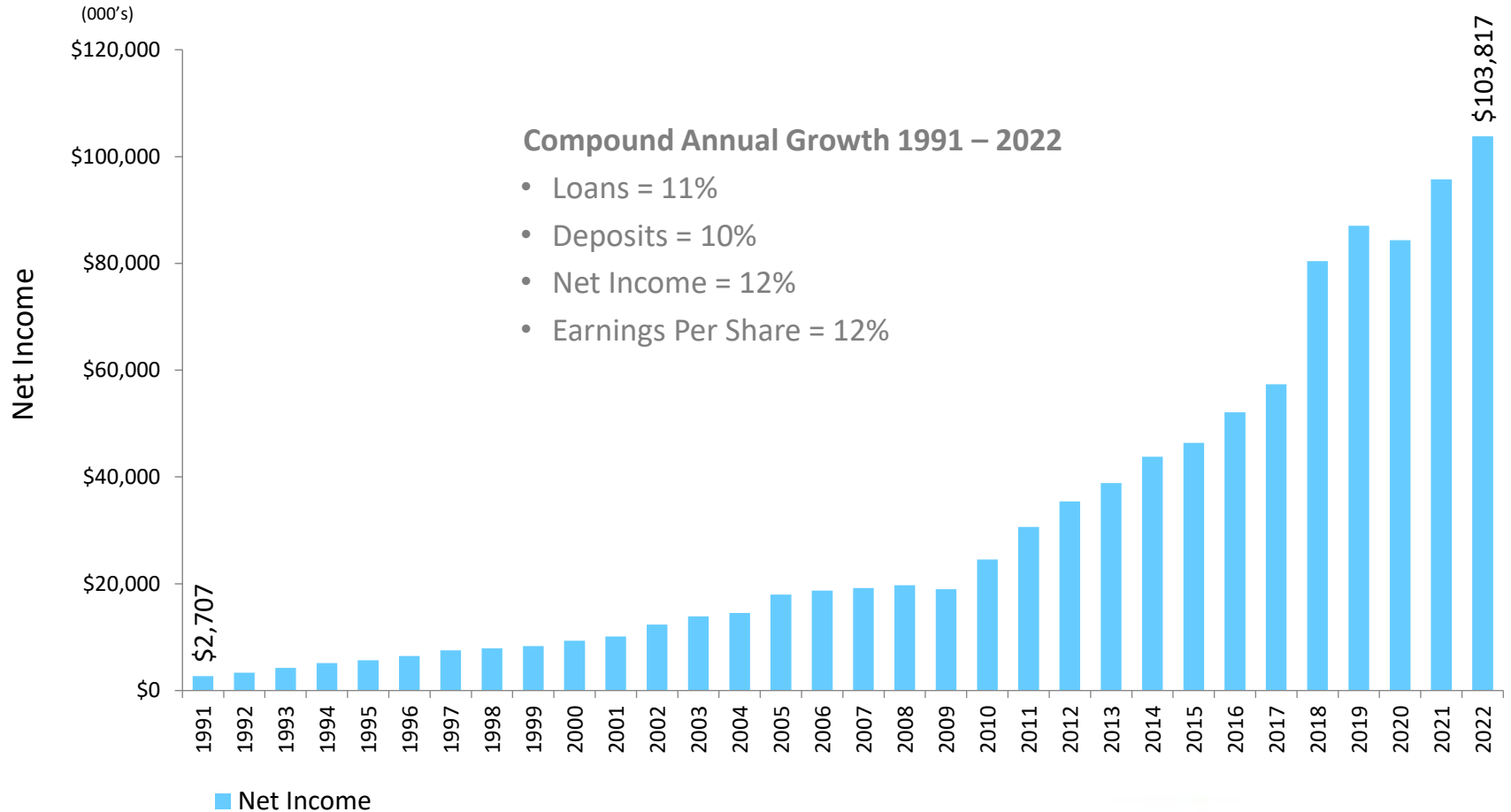
Sesquicentennial

- A long-term and consistent organic growth story
- Headquartered in Warsaw, Indiana
- 52 branch offices - \$6.4 billion banking assets - \$2.8 billion trust, retirement and investment brokerage assets
- Focused on execution – “blocking and tackling”
- Continued growth potential



32 Years of Organic Growth

Record Net Income for 32 of 34 Years



Established Market Presence

Organic Growth Potential in Mature and Expanding Markets

Lake City Bank Market Growth

Warsaw – est. 1872

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

Elkhart – est. 1990

Elkhart-11
LaGrange-2

South Bend – est. 1997

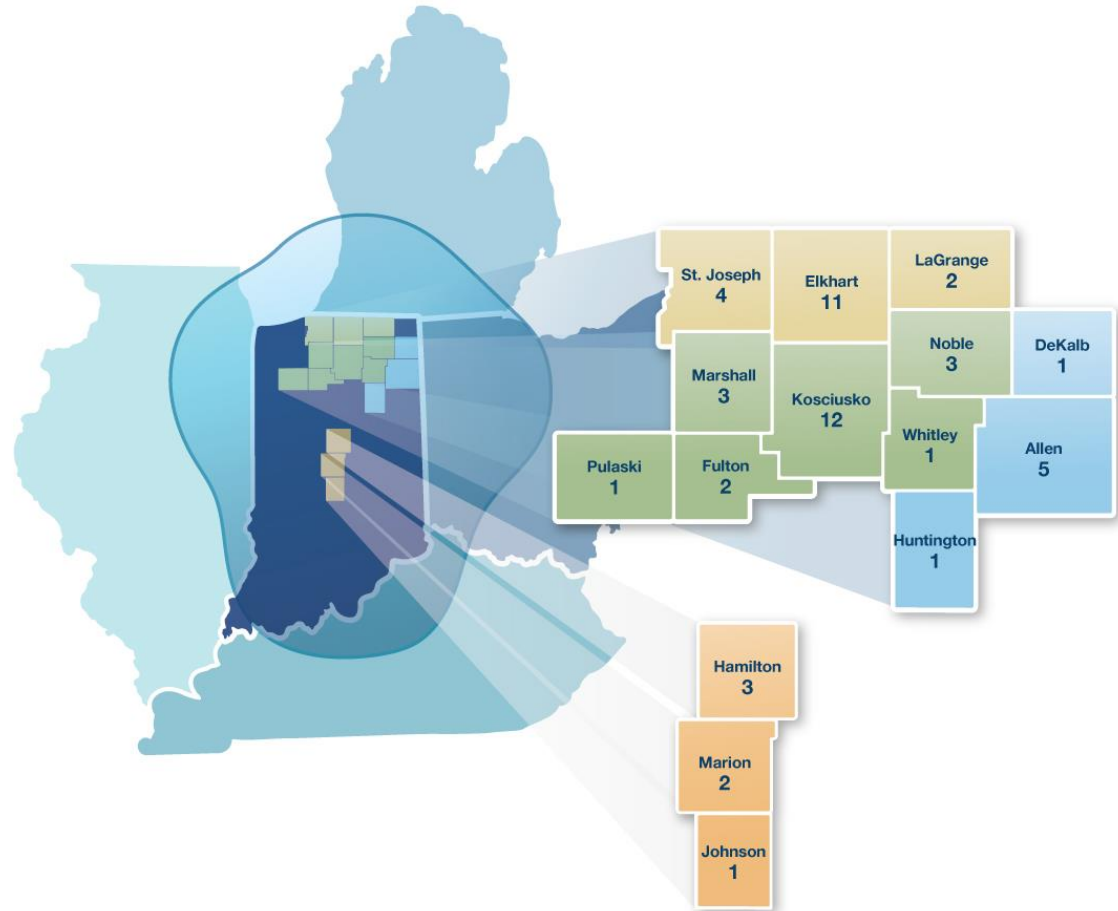
South Bend-4

Fort Wayne – est. 1999

Allen-5
DeKalb-1
Huntington-1

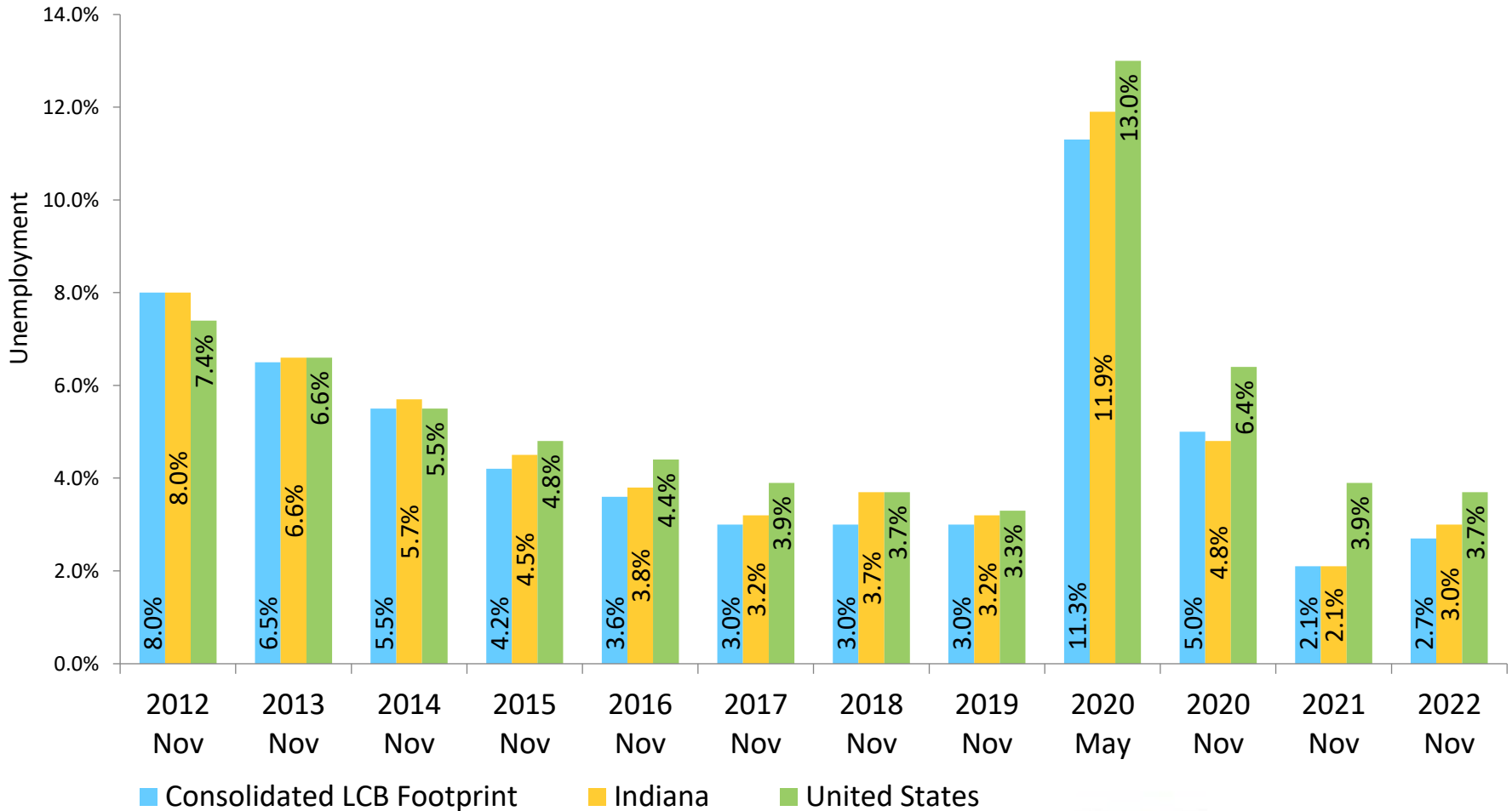
Indianapolis – est. 2011

Hamilton-3
Marion-2
Johnson-1



Strong Regional and Statewide Economy

Indiana Unemployment Rate is Lower Than the National Average



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

Credit Process

Commercial Banking Focus

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

Corporate Social Responsibility

150 Year History of Focusing on Our Customers, Employees
and Our Communities

- Supporting our communities since 1872
- Building and caring for our team
- Delivering loan products to our communities
- Supporting financial literacy in our footprint
- Protecting our customers and their data
- Caring for the environment
- Focus on ESG is ongoing

Lake City Bank Culture

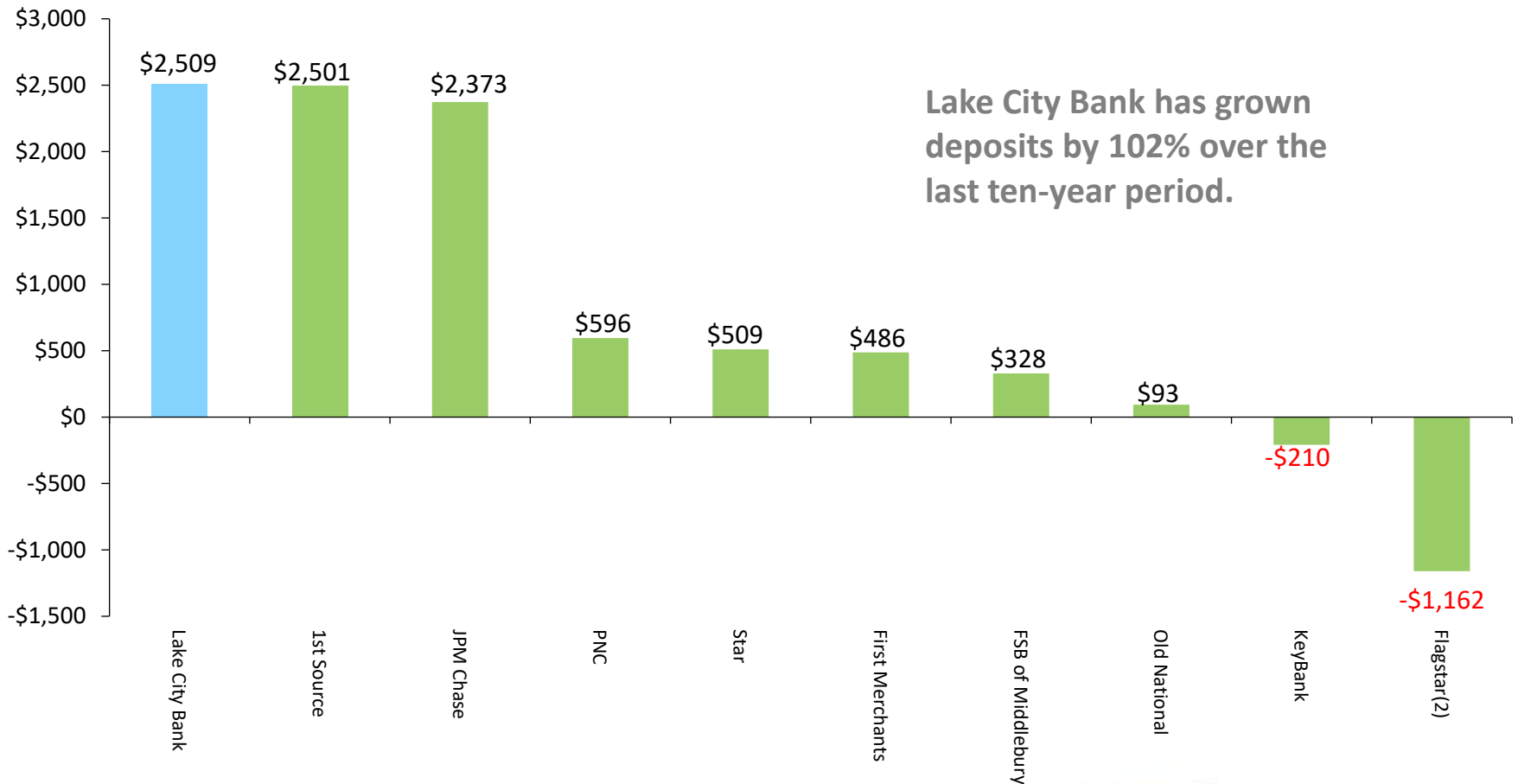
High Quality Team Members

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



Mature¹ Market Deposit Performance

Organic Growth 2012 - 2022



¹Mature Markets include 12 Northern Indiana counties and exclude 3 Central Indiana counties

²Flagstar acquired Wells Fargo branches in 2018

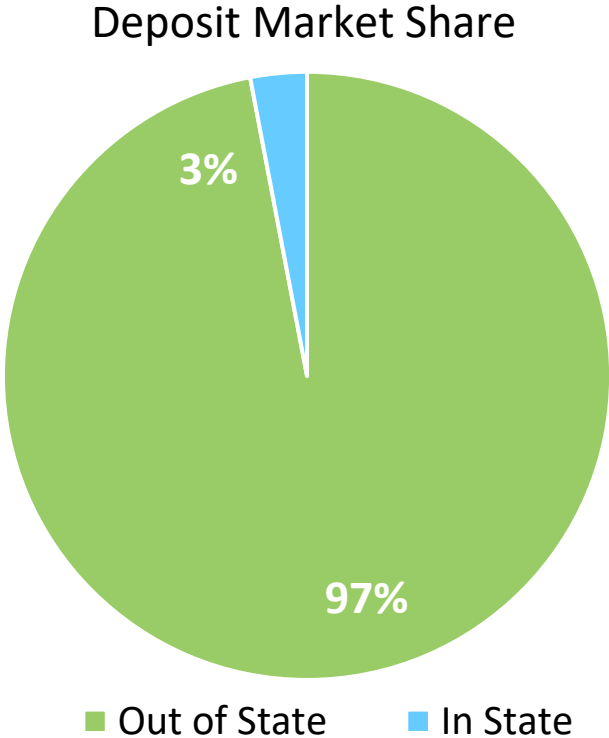
Totals adjusted to include branches subsequently acquired by surviving banks.

Source: FDIC 6/30/22 Statistics

Organic Growth

Indianapolis Market Opportunity

Indianapolis Market Banks	Share of Market
1. JPM Chase	24%
2. PNC	14%
3. Merchants Bank	10%
4. Fifth Third	8%
5. Huntington National	7%
6. BMO Harris	5%
7. Bank of America	5%
8. First Internet Bank	5%
9. National Bank of Indy	4%
10. KeyBank	3%
16. Lake City Bank	1%



Marion, Hamilton and Johnson Counties as of 6/30/22;
 Source: FDIC 6/30/22 Statistics



A Strong Environment for Growth and Expansion

- Indiana #1 manufacturing state in the country⁽¹⁾
- Manufacturing jobs increased 4.2% from June '21 to June '22⁽²⁾
- U.S. Census Bureau announced Indiana's population grew by 4.7% between 2010 and 2020
- Indiana unemployment at 3.0% as of November 2022⁽³⁾
- GDP growth of 5.2% from December '19 to December '21
- Supply chain and labor availability challenges continue
- Indiana ranked 14 in CNBC's "America's Top States for Business 2022", ranking Indiana higher than any of its neighboring states⁽⁴⁾
- Indiana ranked as the #1 state to start a business by Forbes in November 2022⁽⁵⁾

(1) https://www.statsamerica.org/sip/rank_list.aspx?rank_label=gsp2_b&item_in=12&ct=S18

(2) Hoosiers By The Numbers- Indiana Department of Workforce Development

(3) <https://fred.stlouisfed.org/graph/?g=lc2j>

(4) <https://www.cnbc.com/2022/07/13/top-states-for-business-indiana.html>

(5) <https://www.forbes.com/advisor/business/best-states-to-start-a-business>

Core Deposit Funding Strategy

Core Deposit Growth Impacted by Excess Liquidity in Economy

- Deposit surge from PPP funding and stimulus starting to abate
- DDA balances increase by 13% from 2019 to 2022
 - Retail checking account balance growth of 18% over two years
 - Commercial checking account balance growth of 13% over two years
- Capitalize on market disruption in our footprint to grow deposits
- Emphasize checking account relationship products and flexible solutions including Lake City Bank Digital platform
- Leverage demographic and lifestyle data
- Omni channel media campaign is utilized

Commitment to Technology and Cyber Risk Management

Innovation and Competitive Technology is a Focus

- Fintech partnerships play a growing role in our technology stack
- Investments in Lake City Bank Digital, a Q2 product implemented in 2021
- Technology partnership with FIS is strong – User Planning Council and Strategic Planning Advisory Council
- Retail and Commercial platforms ensure competitive positioning
- Cybersecurity protection expands
- AI and data gathering and analysis is playing an increasingly important role
- Branch of the future proof of concept implemented in 2021

Channel Utilization Over Three Year Horizon

Mobile Channel Engagement Continues to Accelerate

Channel Type	Total Transactions 2019 ⁽¹⁾	% of Total	Total Transactions 2022 ⁽¹⁾	% of Total	Three Year Change
Branch Transactions	2,279,975	18%	2,034,409	14%	(11)%
ATM/ITM	944,785	7%	858,320	6%	(9)%
Online Logins	5,058,317	40%	4,160,390	30%	(18)%
Mobile Logins ⁽²⁾	4,199,910	33%	6,806,530	48%	62%
Telephone Banking	265,475	2%	221,301	2%	(17)%
Total	12,748,462	100%	14,080,950	100%	10%

⁽¹⁾ Measurement period includes twelve months of data ending December 31, 2019 and December 31, 2022

⁽²⁾ Includes mobile phone, Apple watch & iPad app use

Customer Composition and Digital Adoption

December 2022

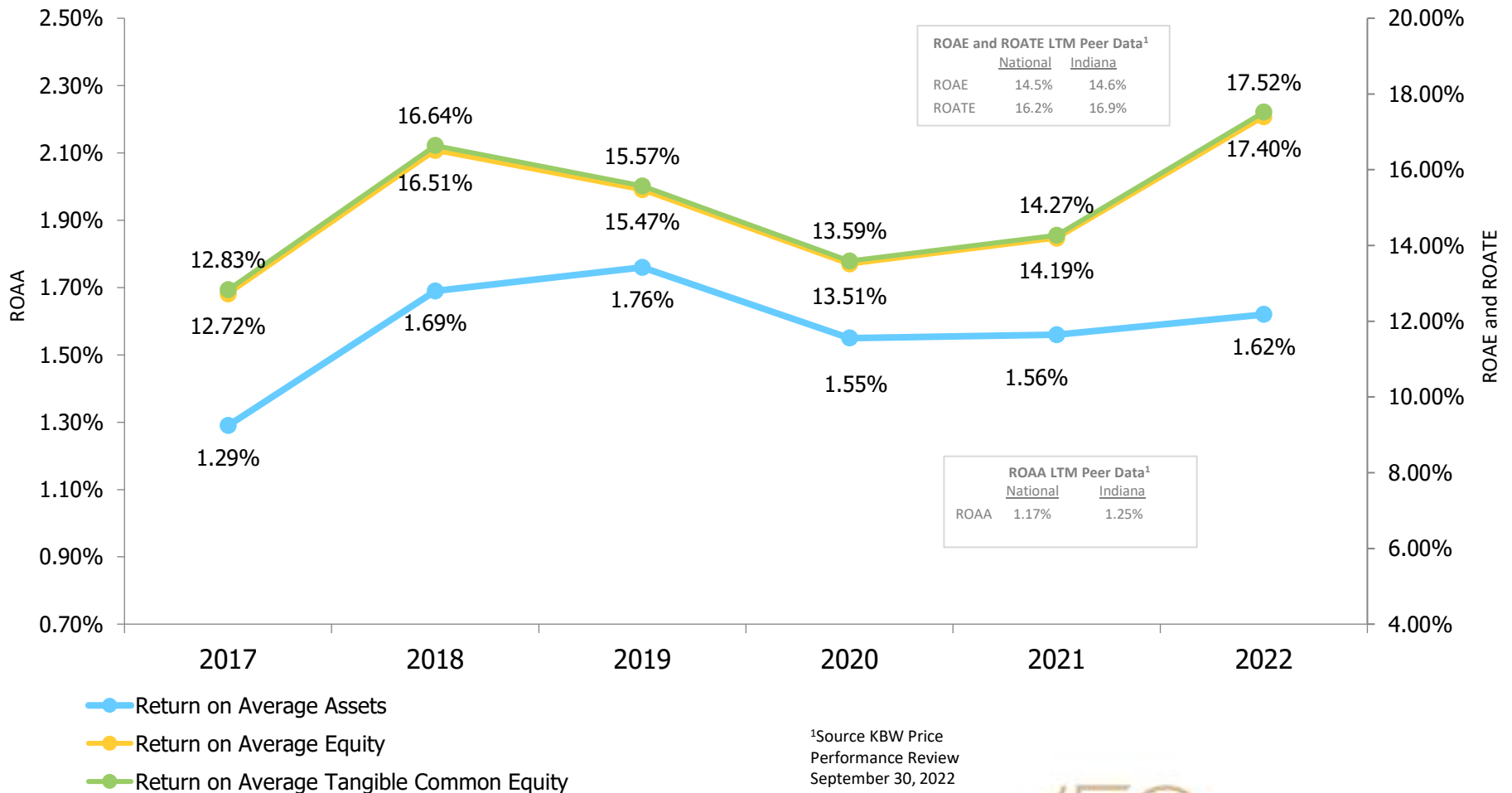
Customer Composition and Digital Adoption Over Three Years

Generation		Customer Breakdown	12/31/22	12/31/21	12/31/20
Gen Z	(1996 - Current)	16%	52%	47%	44%
Millennial	(1977 - 1995)	25%	61%	58%	55%
Gen X	(1965 - 1976)	19%	51%	48%	44%
Baby Boomer	(1946 - 1964)	30%	45%	43%	40%
Mature	(1945 or before)	10%	32%	30%	26%
Digital Adoption			50%	47%	43%

Financial Performance

Income Performance Metrics

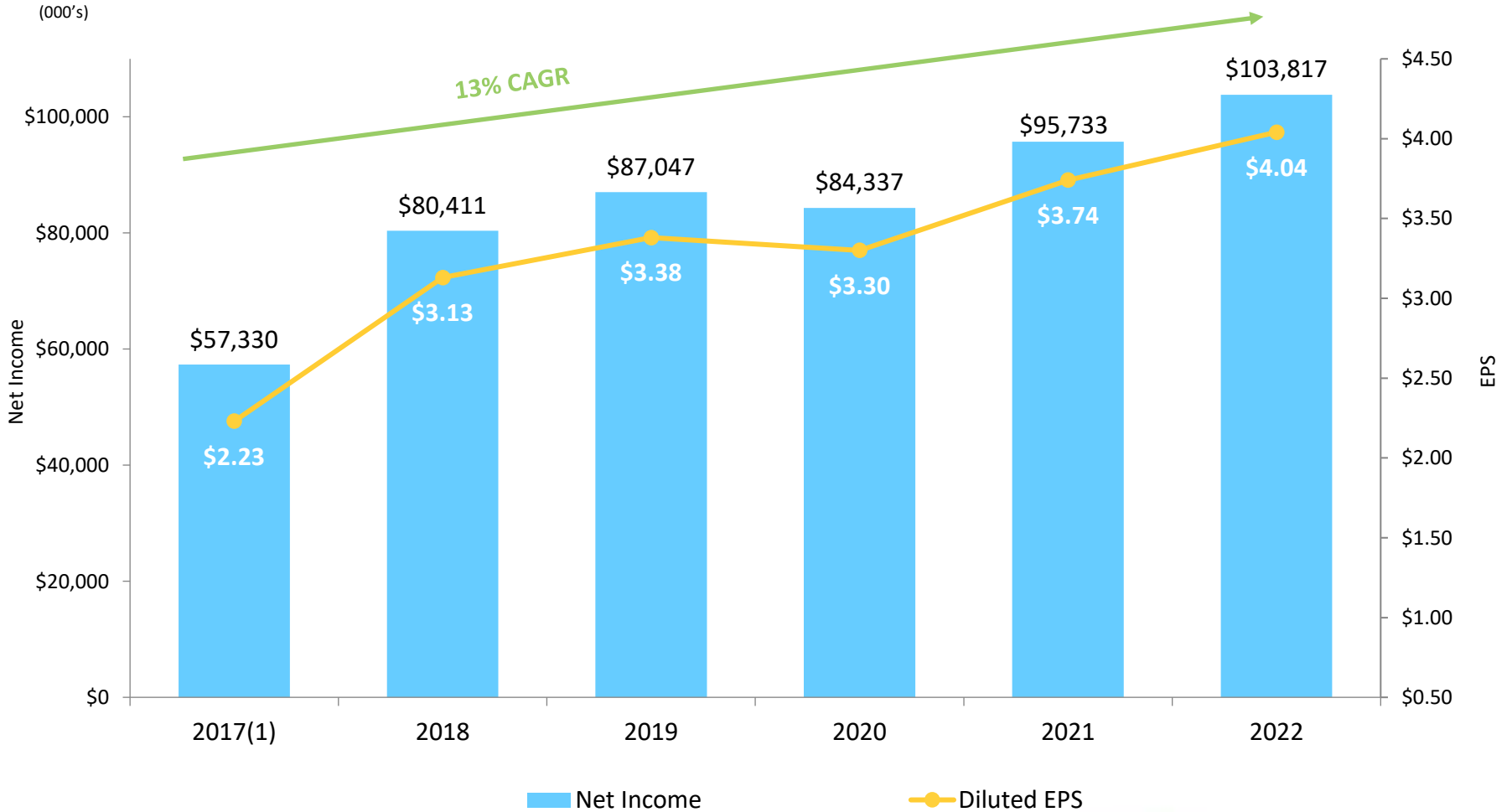
LKFN Performance Exceeds National and Indiana Peers and Maintains Strong Capital Levels



¹Source KBW Price Performance Review September 30, 2022

Net Income and EPS

Record Profitability in 2022

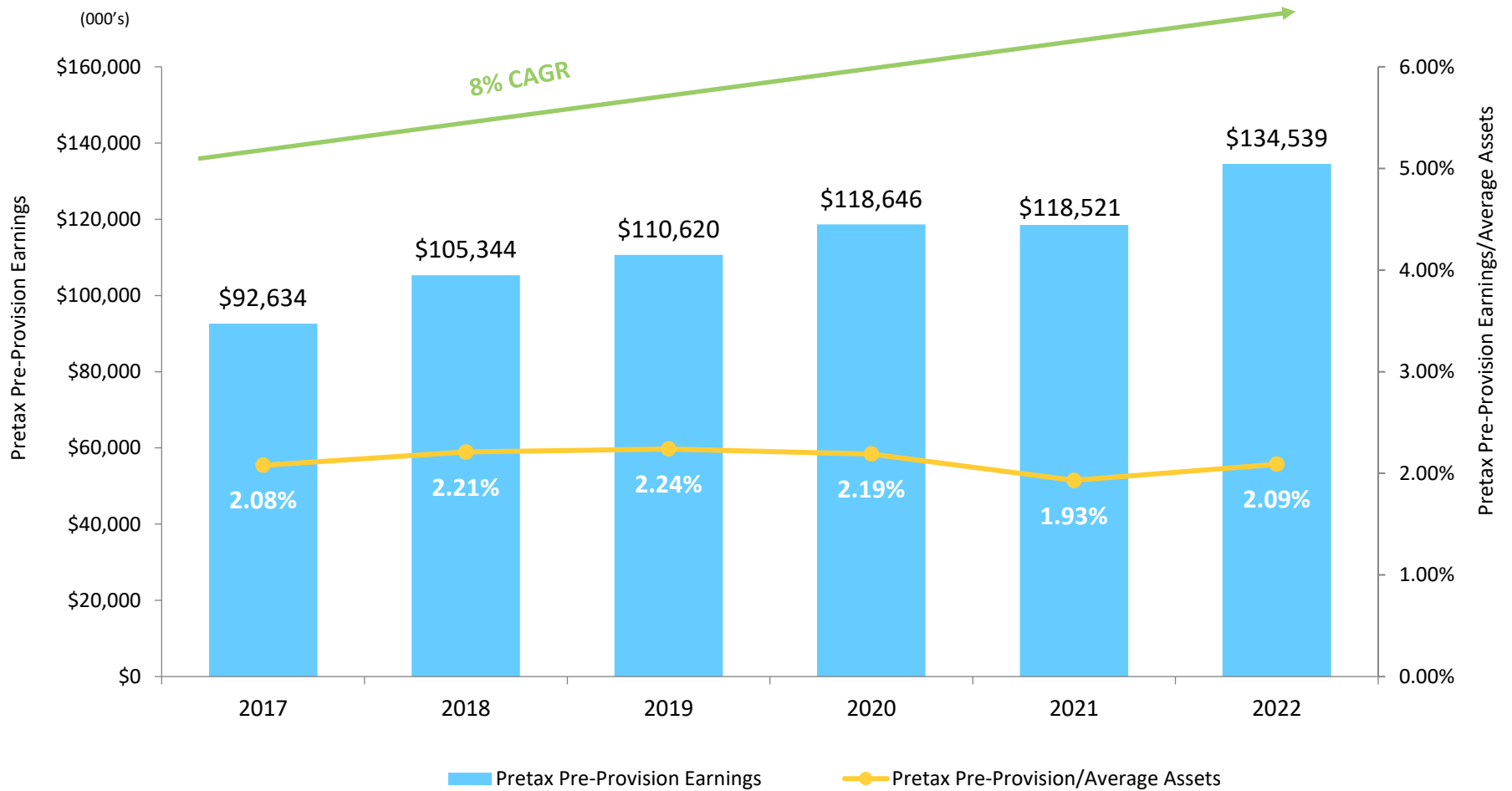


2022 Net Income increase 8%
 2022 Diluted EPS increase 8%

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

Pretax Pre-Provision Earnings

Significant Growth in Net Interest Income Offset by Decline in Noninterest Income



2022 Pretax Pre-Provision Earnings YOY Increase 14%

Note: Pretax Pre-Provision Earnings is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the Second Quarter 2022 Earnings Press Release and Form 8-K.

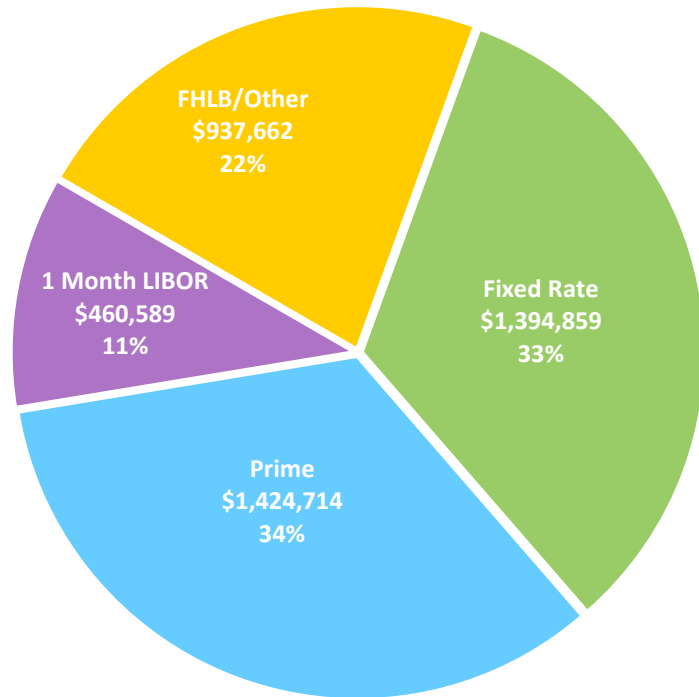
Evolution of Deposit Beta

FED Tightening in 2022 Has Been More Aggressive Than Past Cycles

- Total deposit beta for 2022 of 25% has lagged past FED tightening cycle of 45%
- Fourth quarter deposit beta transitioned to a historical deposit beta of 46% from 25% in the third quarter
- Deposit betas are expected to move to historical levels due to liquidity leaving the balance sheet and competitive deposit pricing pressures in the market

Interest Rate Sensitivity

Asset Sensitivity Slightly Reduced

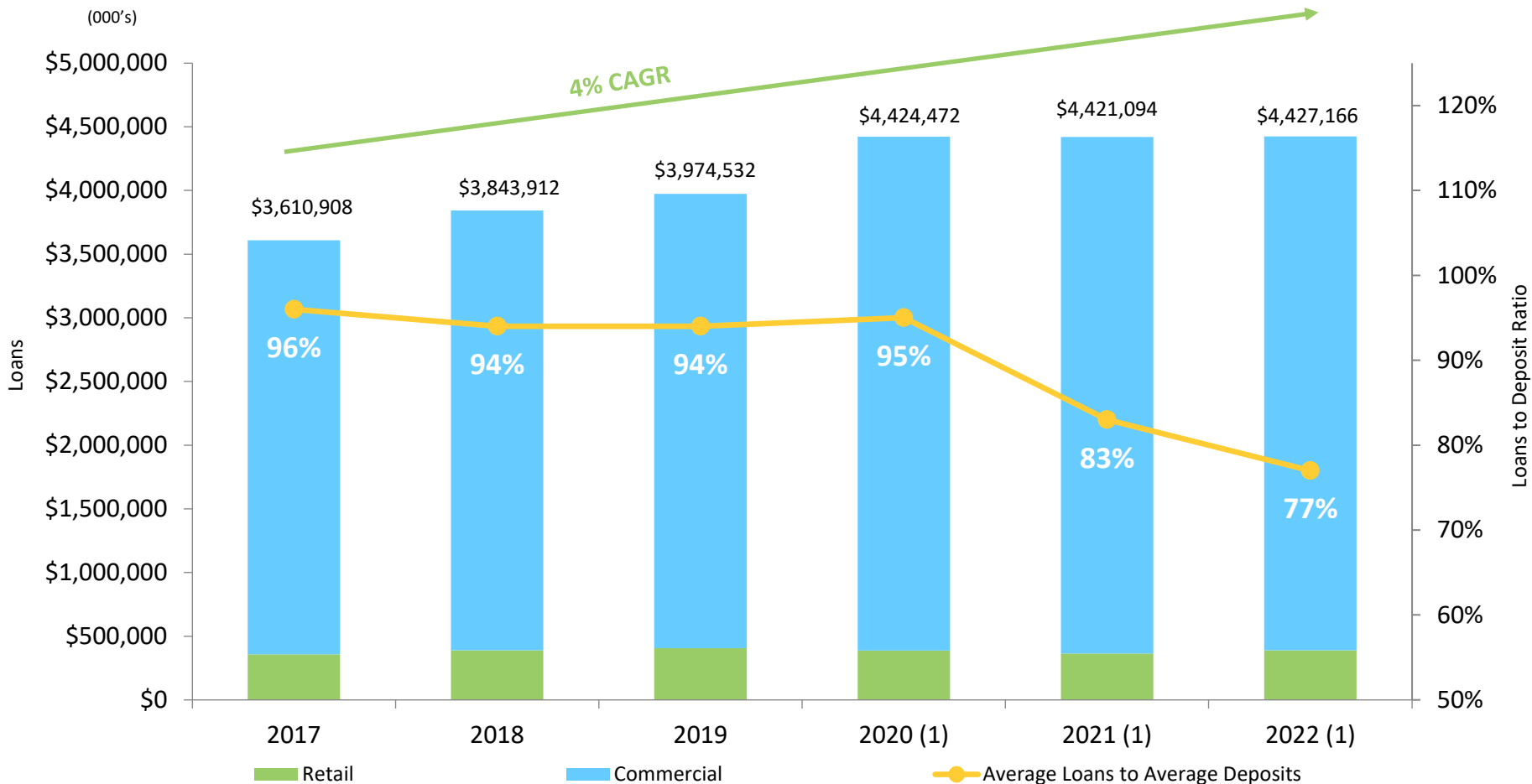


Commercial Loans
\$4.2 billion as of December 31, 2022
(000's)

- Every 25 basis point move up in the federal funds rate is expected to improve margin by 2-3 basis points
- Fixed rate loans have shorter, average original terms of 5 years
- Cost of funds have increased as deposit repricing accelerated in the fourth quarter
- 89% of loan portfolio consists of commercial loans and 67% of commercial loans are tied to variable interest rates

Average Loans

Organic Average Loan Growth ex PPP of \$236 million or 6% for 2022



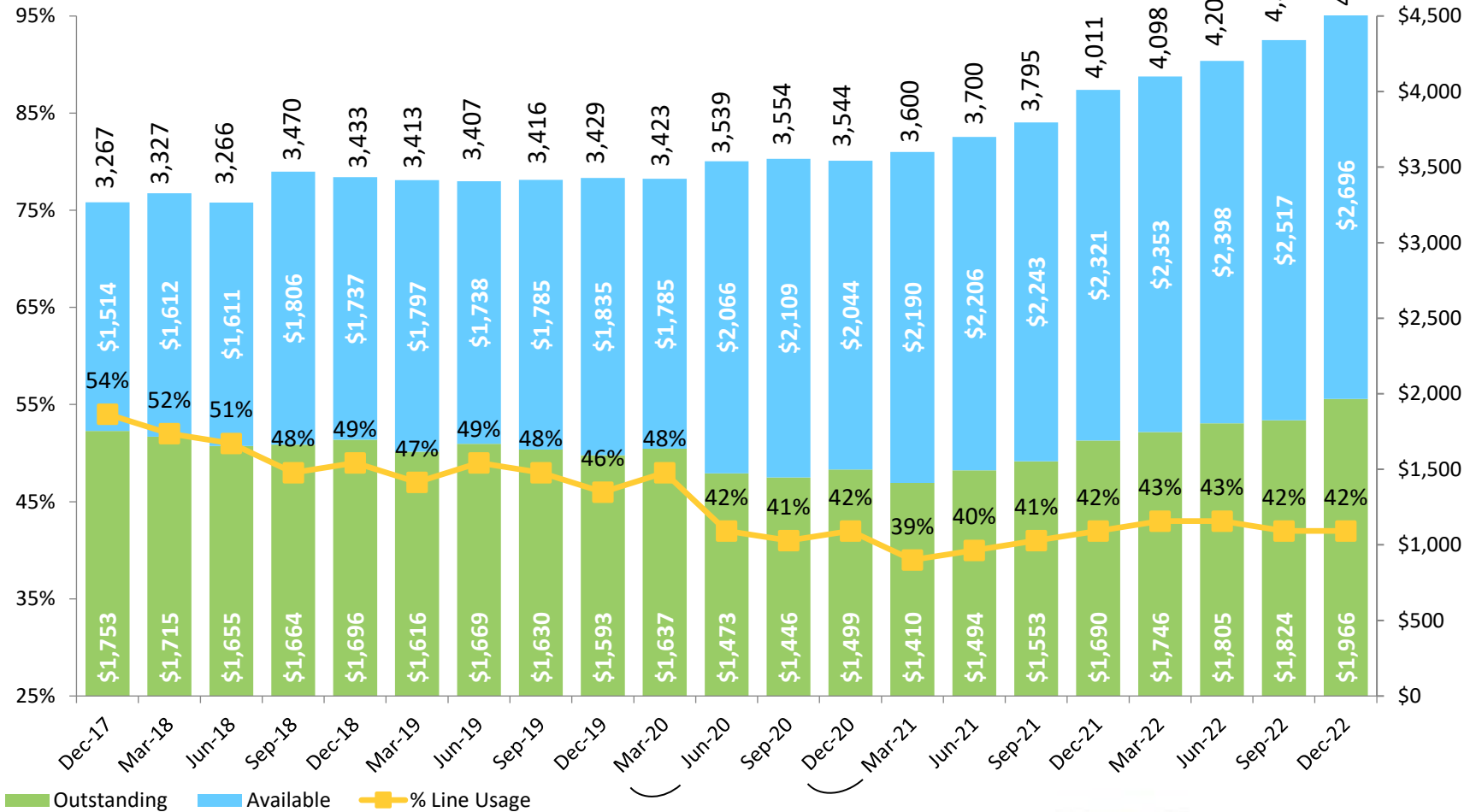
2022 YOY Increase 0%

2022 YOY ex PPP, Increase 6%

(1) Includes \$377 million in Average PPP loans in 2020, \$238 million in December 31, 2021, and \$8 million in 2022

Line of Credit Utilization

Line Availability Outpacing Utilization



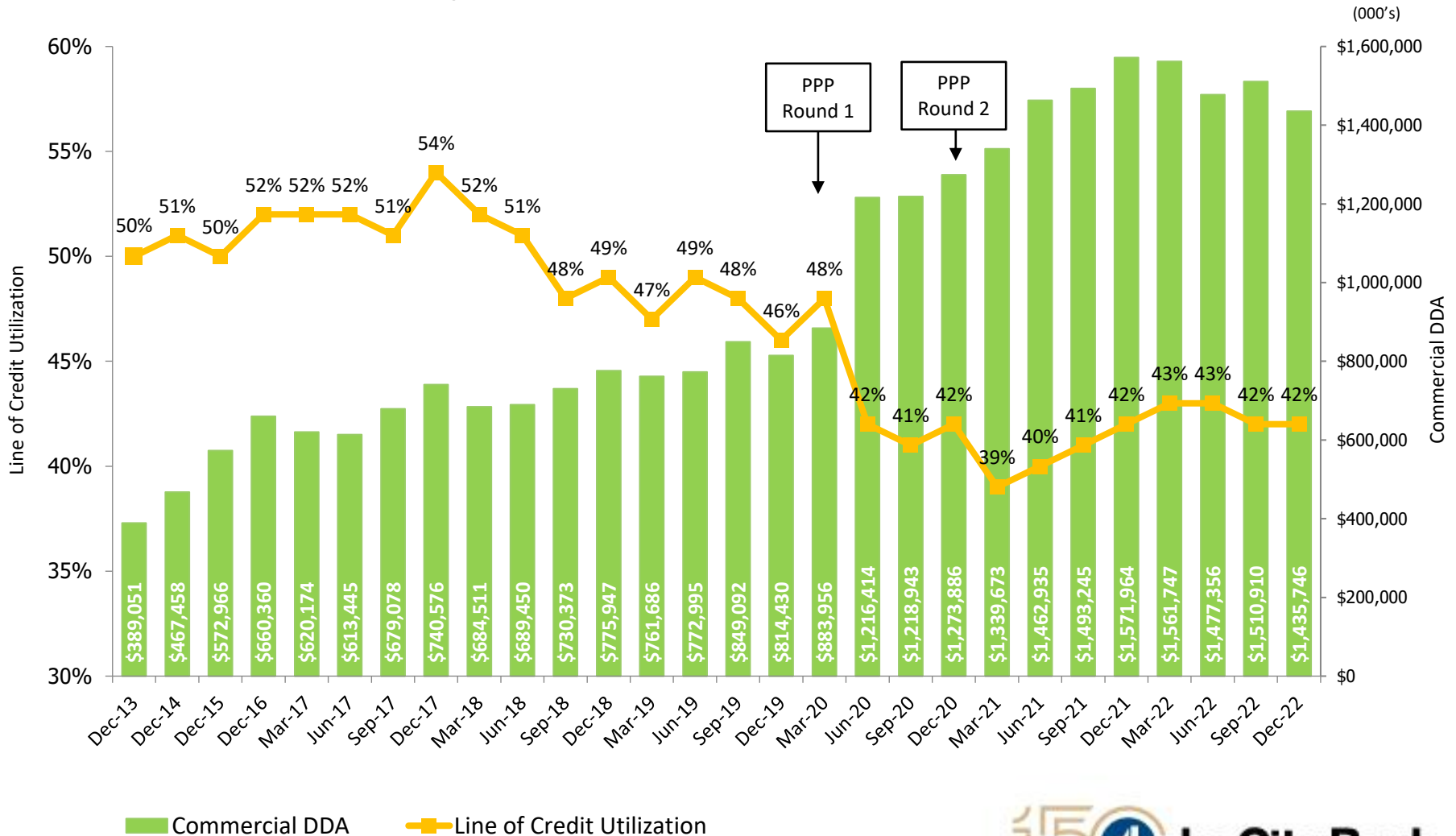
PPP Round 1

PPP Round 2



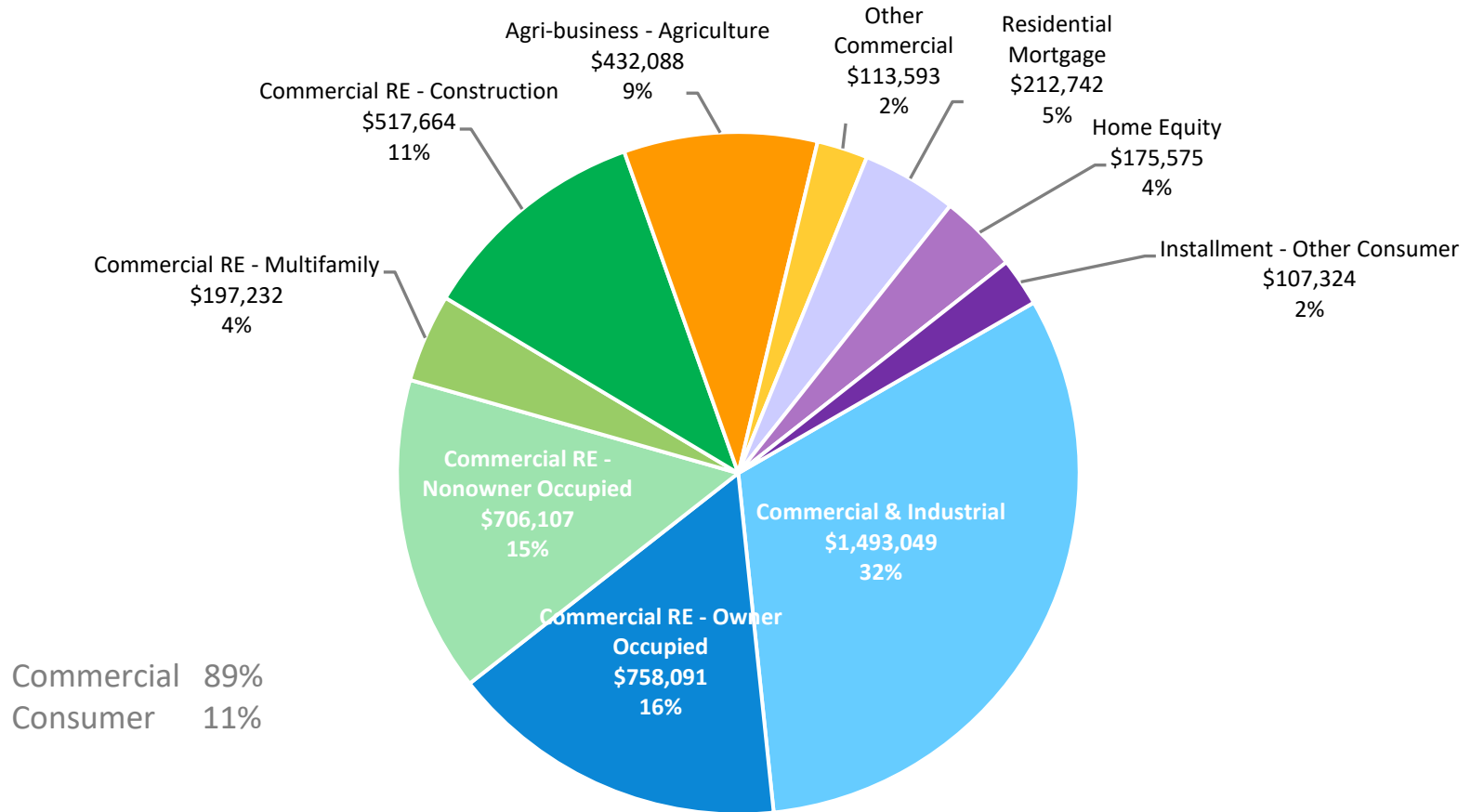
Line of Credit Utilization vs. Commercial DDA

DDA Deposit Balances Remain Elevated in 2022



Loan Portfolio Breakdown

C&I Drives Lending Business



Commercial 89%
Consumer 11%

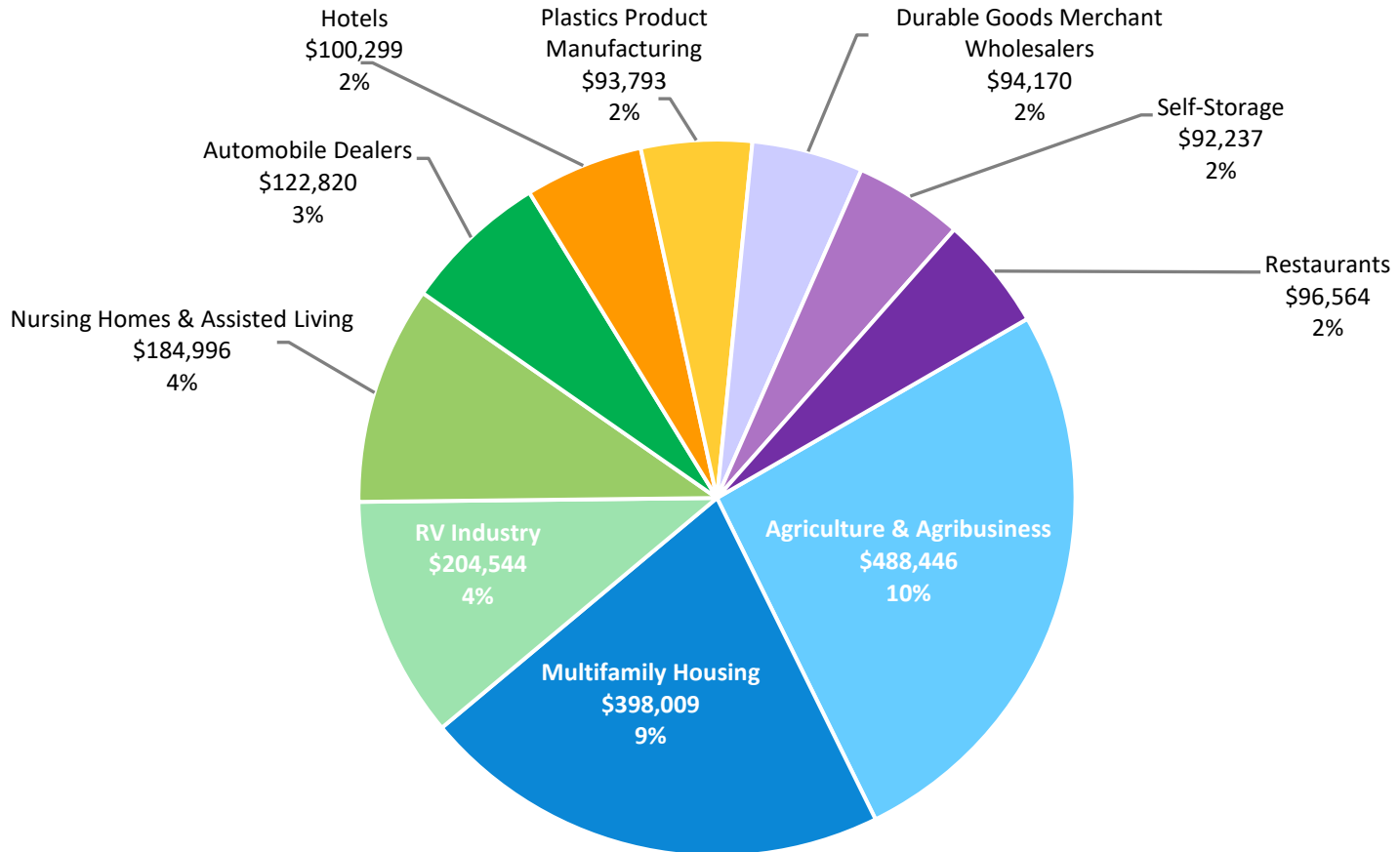
\$4.7 billion as of December 31, 2022

(000's)

Note: Loan breakdown is presented by Federal Reserve Bank ("FRB")
Collateral Code as reported on the call report.

Top 10 Industry Concentrations

Loan Portfolio is Diversified

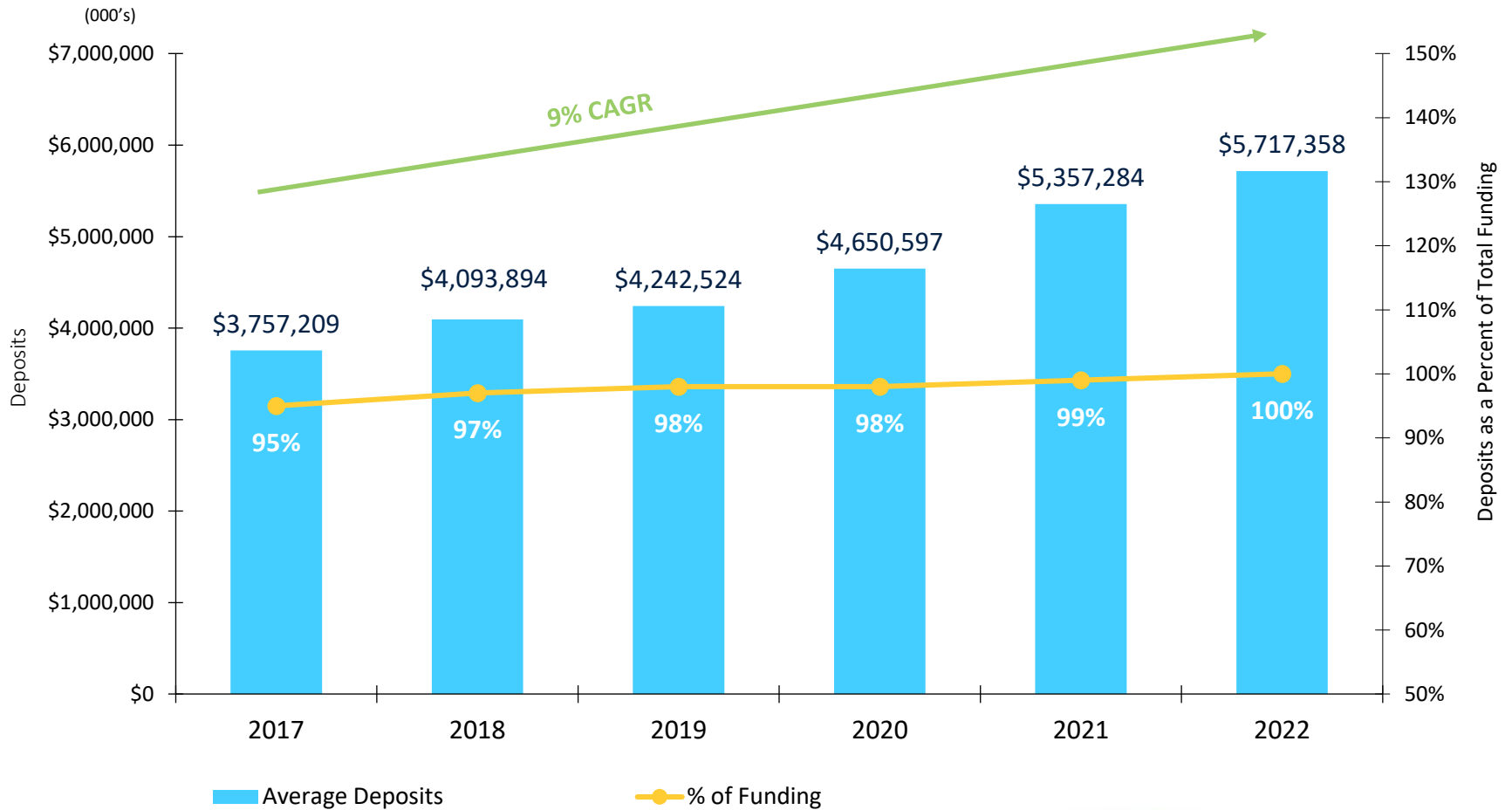


Top 10 Industries Represent 40% or \$1.9 billion of Total Loans

Note: Industry data is obtained from loan classifications pursuant to the North American Industry Classification System ("NAICS")

Average Deposits

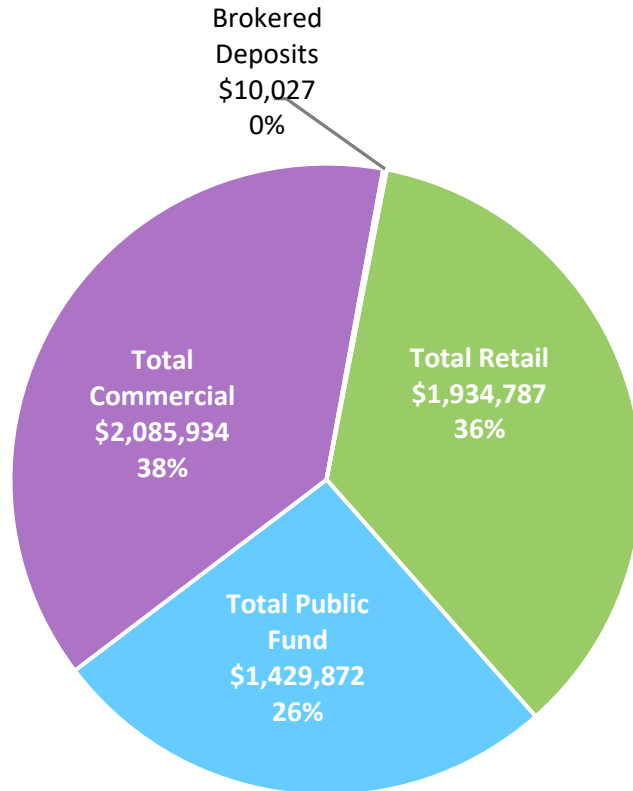
Deposit Growth Slows in 2022 Compared to 2021



2022 YOY Growth 7%

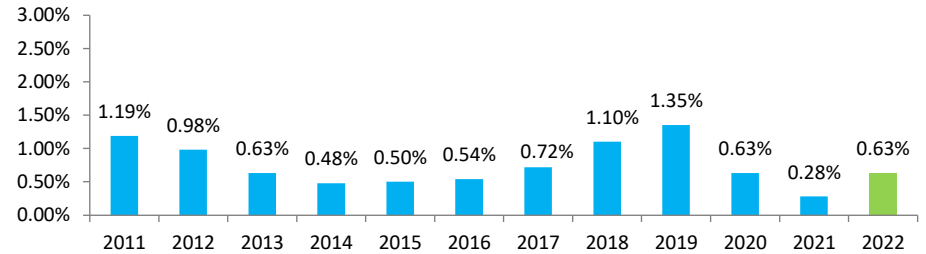
Deposit Breakdown

Deposit Costs Rise in Response to Rising Interest Rate Environment



December 31, 2022
Total Deposits - \$5.5 billion
(000's)

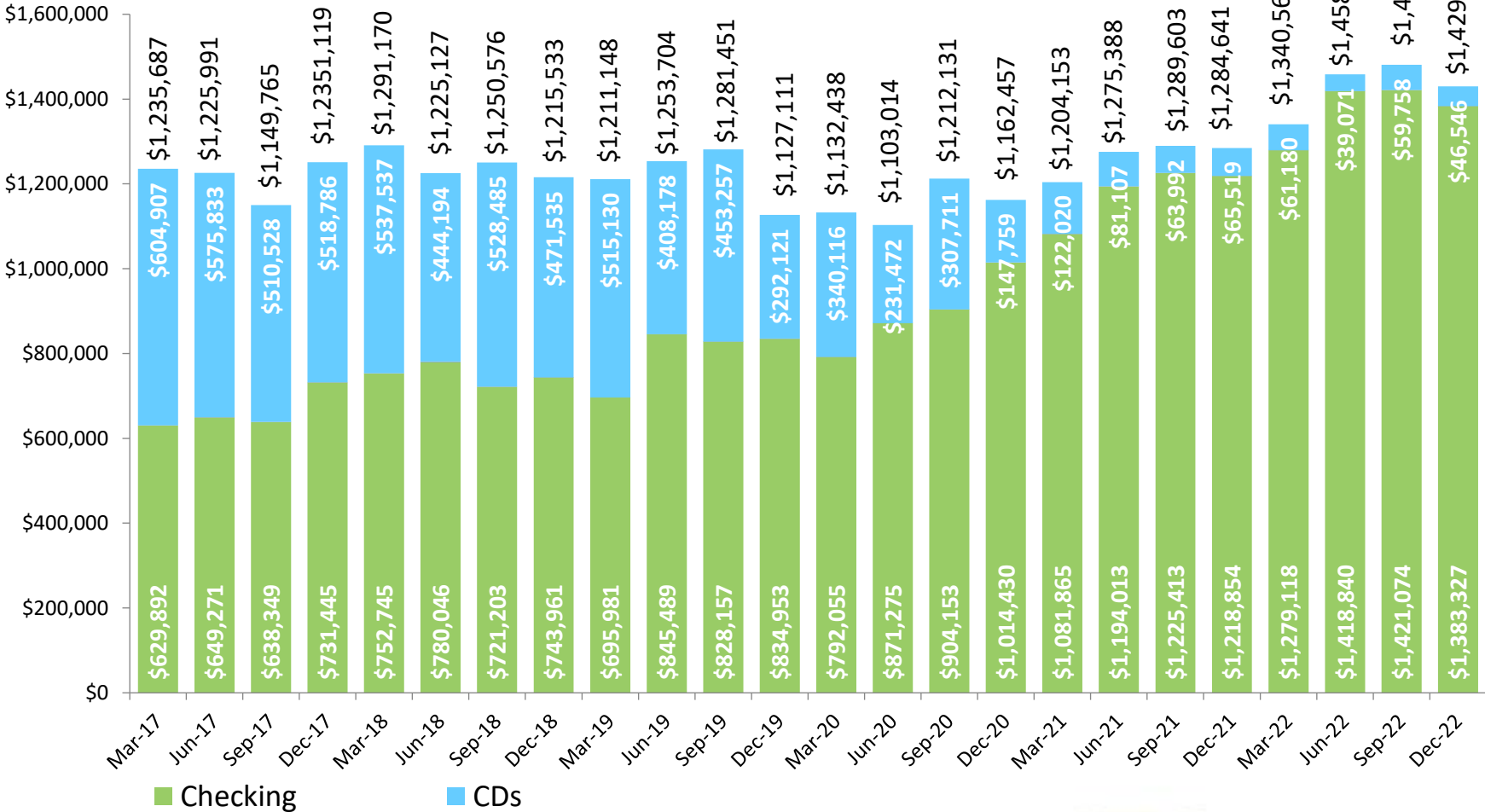
Cost of Deposits



Deposit Composition at end of period	2009	2022
Non-interest Bearing Demand Deposits	12%	32%
Interest Bearing Demand, Savings & MMA	34%	57%
Time Deposits > or = to \$100,000	35%	8%
Time Deposits < \$100,000	19%	3%
Total Deposits (billions)	\$1.9	\$5.5

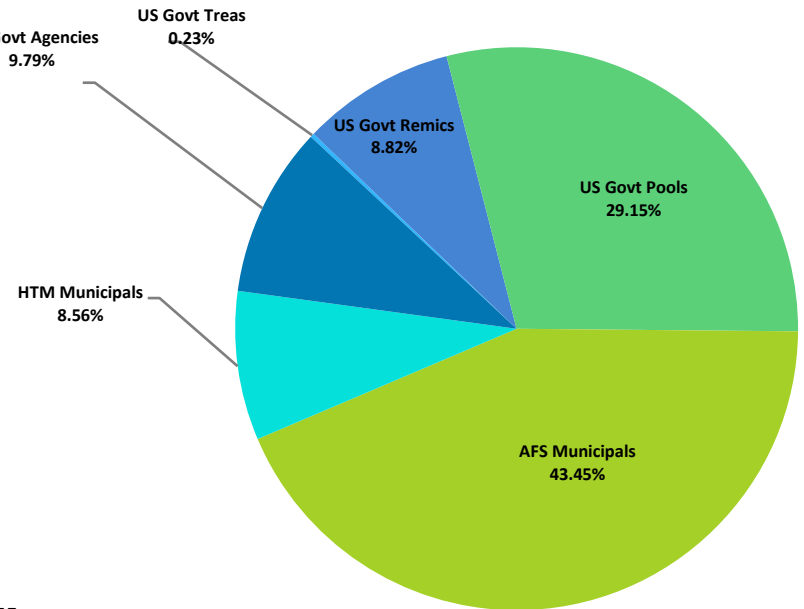
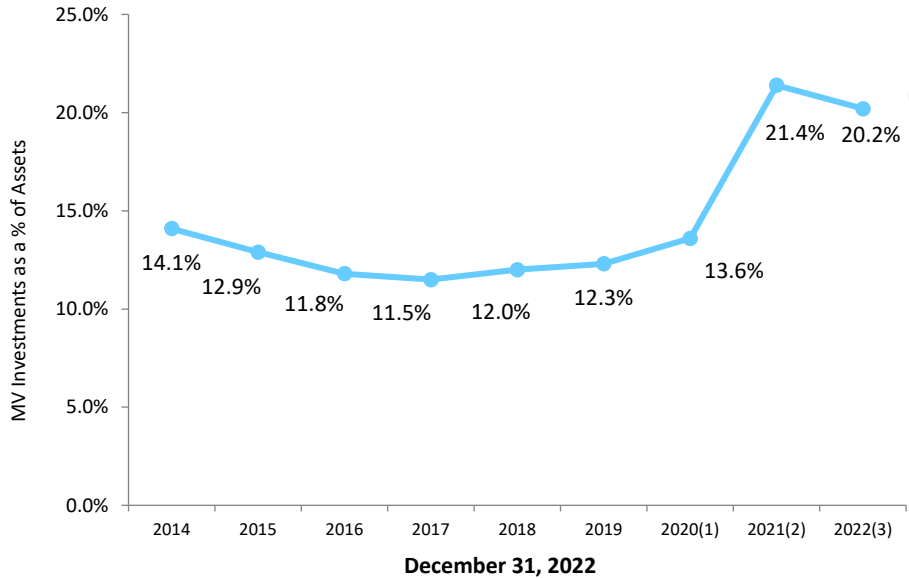
Public Fund Deposit Trends

Majority of Public Funds are Core Deposits



Investment Portfolio

Investment Portfolio Provides Liquidity to Fund Loan Growth



Portfolio Effective Duration 6.5 years
as of December 31, 2022

Carrying Value

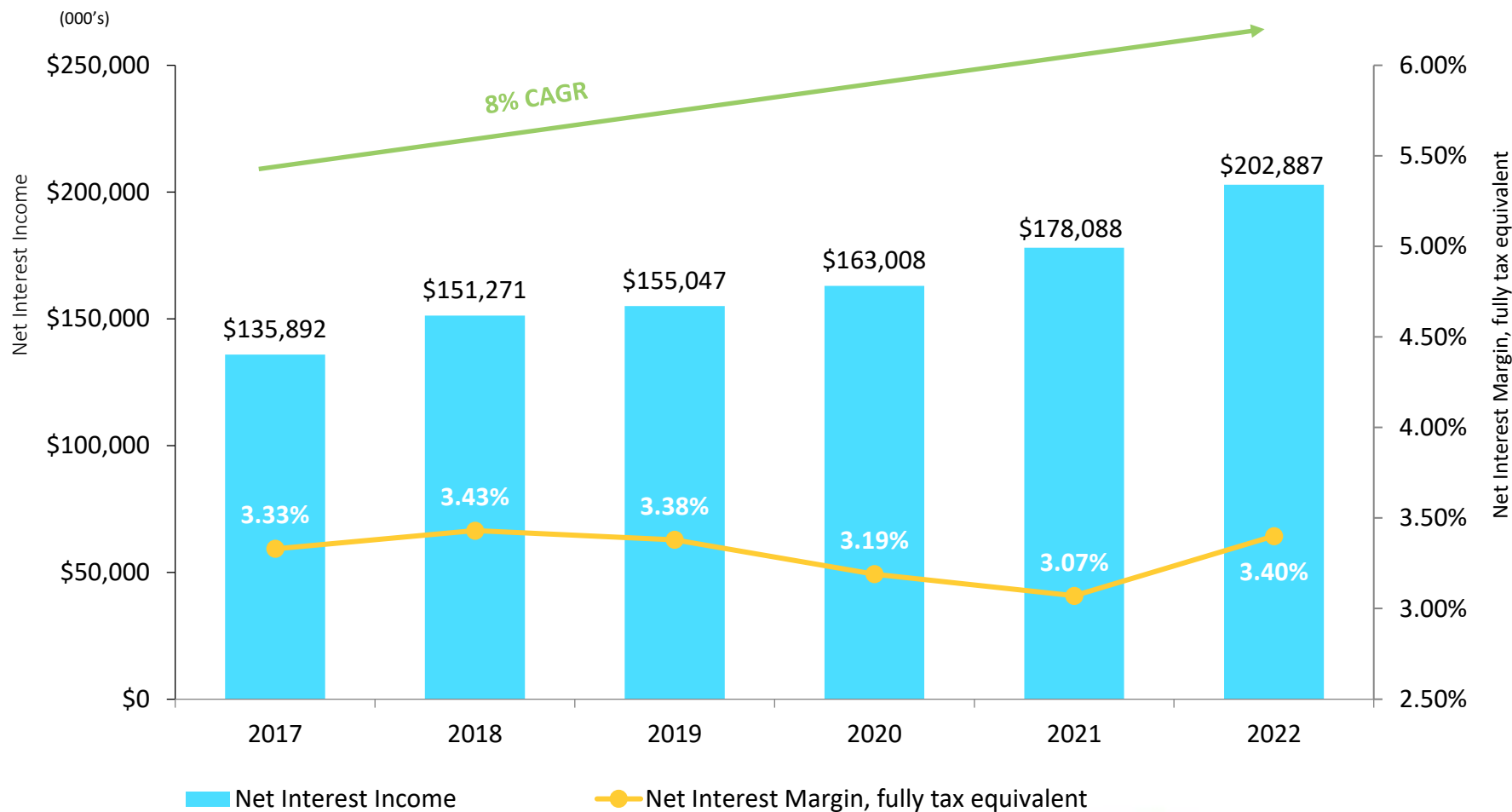
Held-to-Maturity \$ 128,242
Available-for-Sale \$1,185,528

	Weighted Maturity	Book Yield	Market Value
US Govt REMICS	5.97	2.14	114,355
US Govt Pools	7.34	1.95	377,953
US Agencies	8.82	1.55	126,961
US Treasury Notes/Bills	0.92	3.28	3,034
AFS Municipals (TEY)	15.87	3.05	563,225
HTM Municipals (TEY)	17.92	2.73	111,029
Total (Tax-Equivalent Yield)	11.99	2.46%	\$1,296,557

- (1) Ratio for 12/31/20 excludes PPP loans of \$412 million in total assets
- (2) Ratio for 12/31/21 excludes PPP loans of \$26 million in total assets
- (3) Ratio for 12/31/22 excludes PPP loans of \$2 million in total assets

Net Interest Income

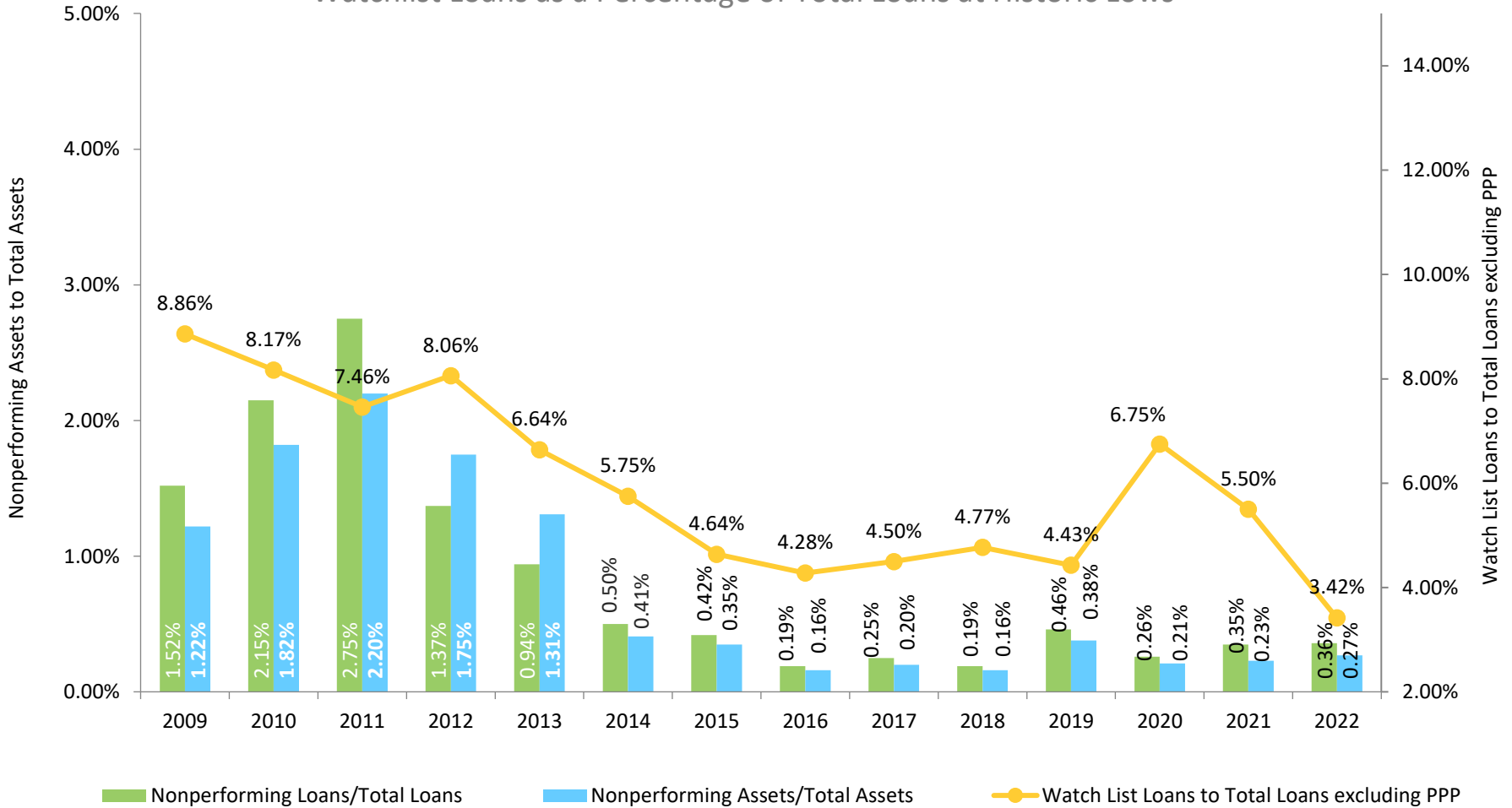
Growth in Net Interest Income Impacted by Higher Rates and Growth in Loans



2022 YOY Growth 14%

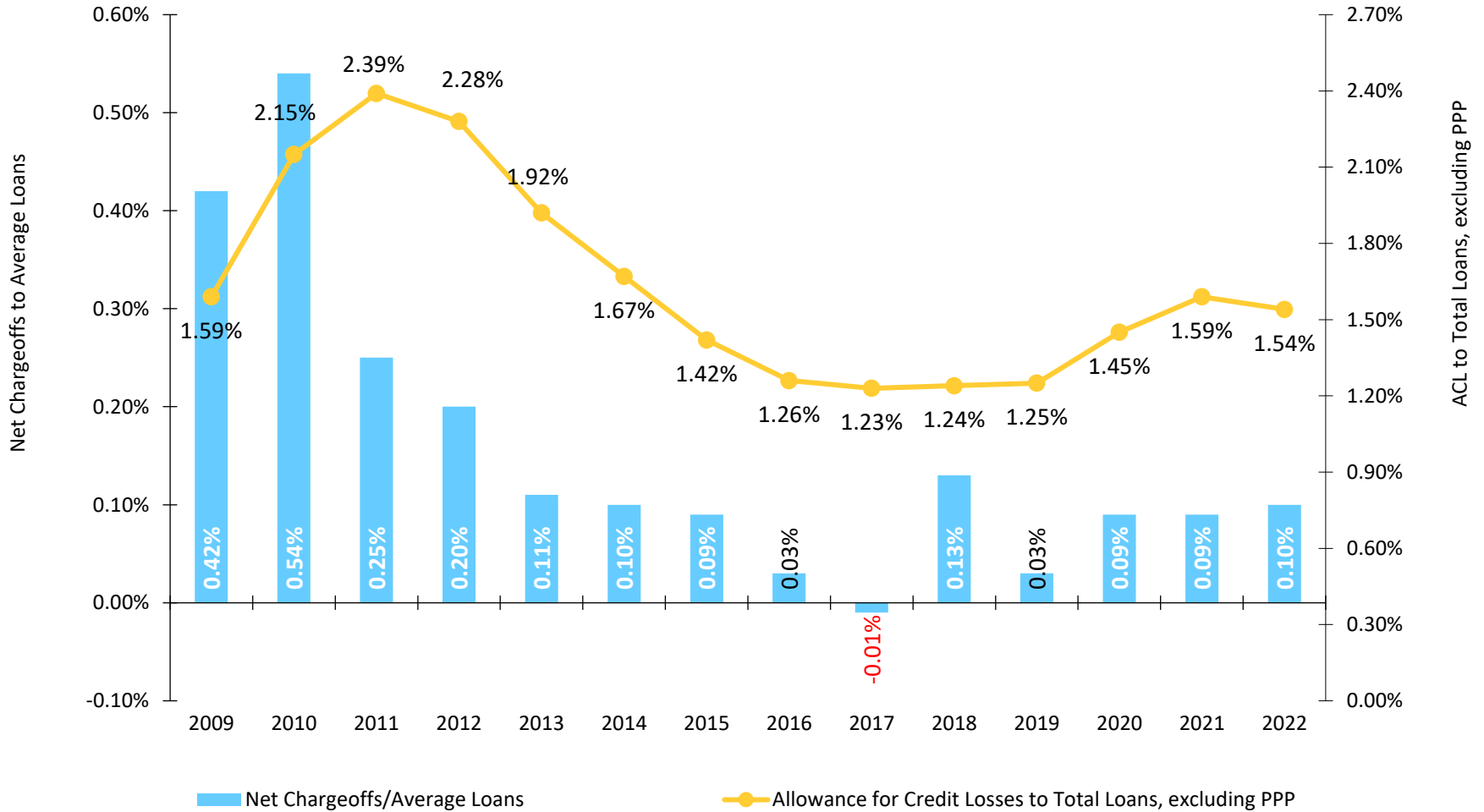
Asset Quality

Watchlist Loans as a Percentage of Total Loans at Historic Lows



Asset Quality

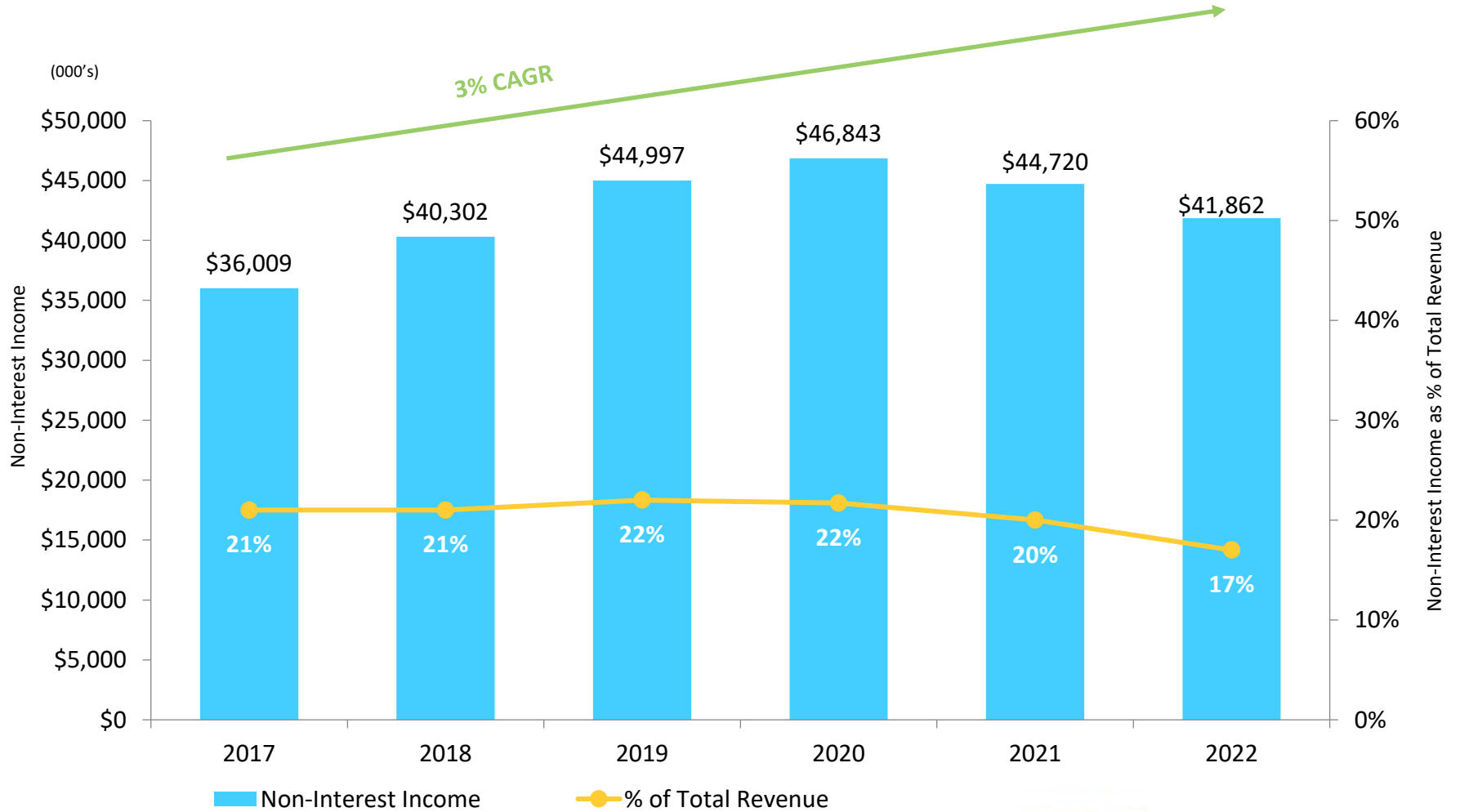
Allowance for Credit Losses Represents Strong Coverage



Note: Current Expected Credit Loss ("CECL") Standard adopted effective 1/1/21

Noninterest Income

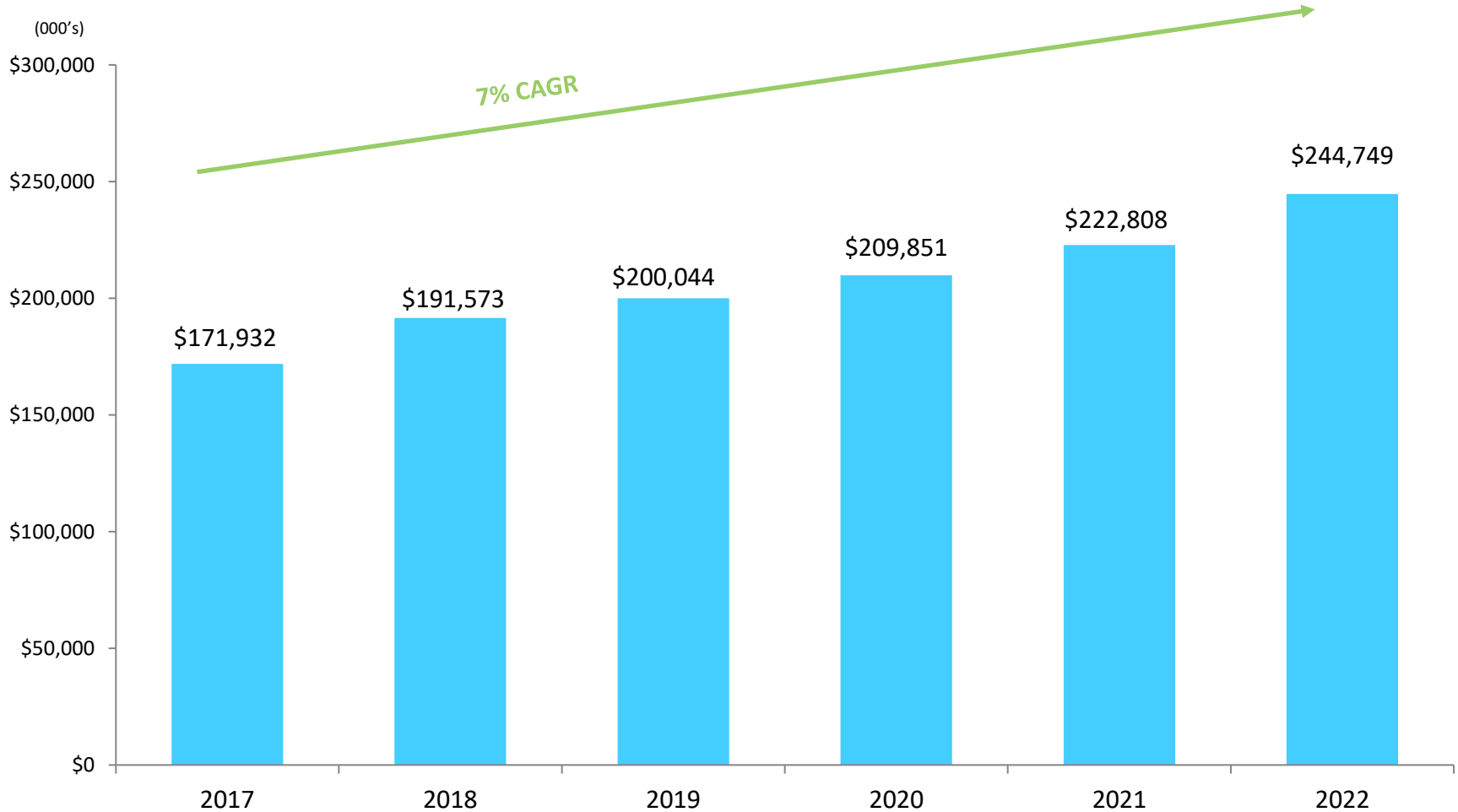
Growth in Fee Generating Lines of Business is Offset by Volatile Market Driven Activity



2022 YOY Decrease (6%)

Total Revenue

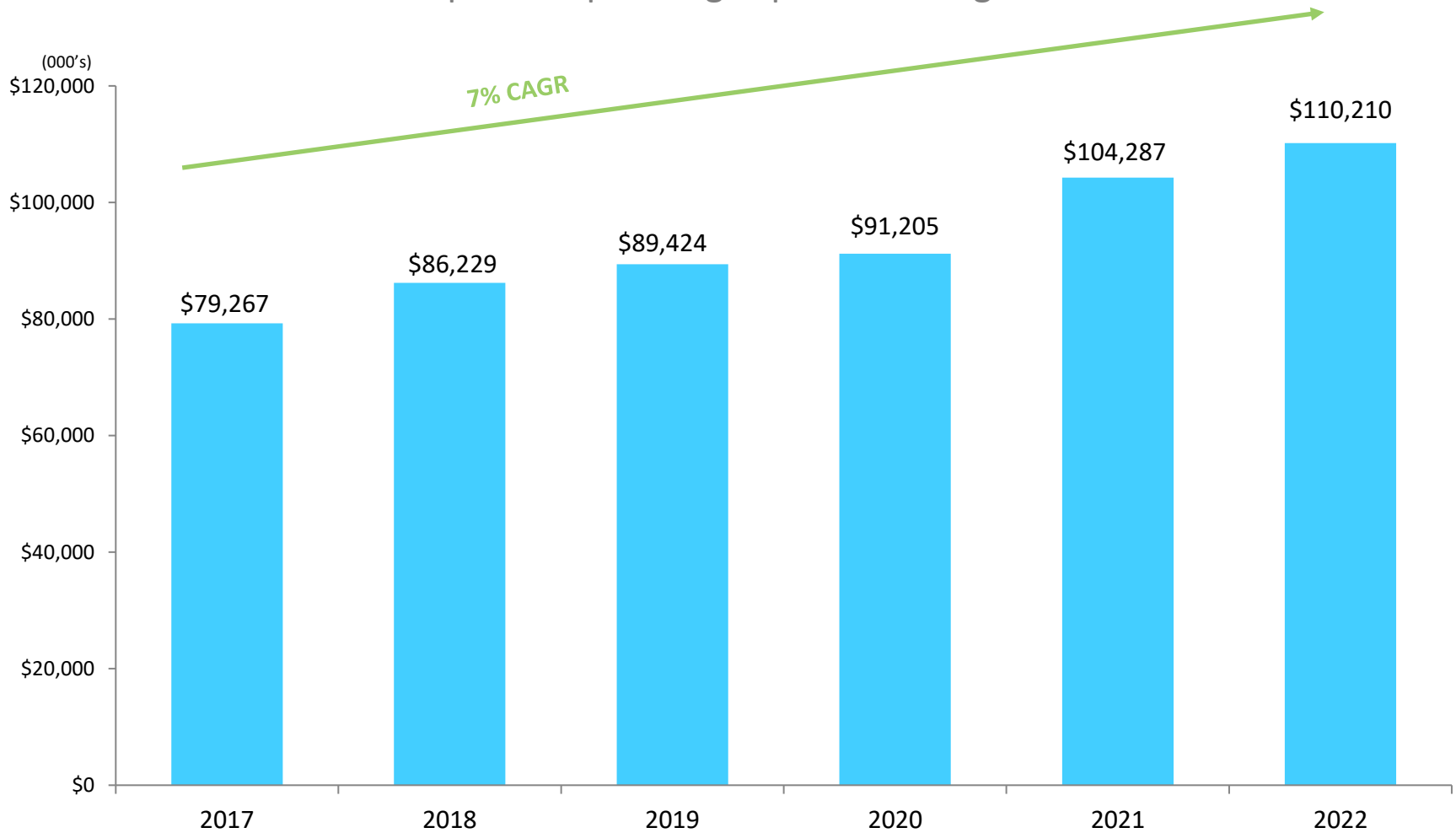
Revenue Growth Benefited by Core Loan Growth and Rising Rates



2022 YOY Increase 10%

Non-Interest Expense

Disciplined Operating Expense Management

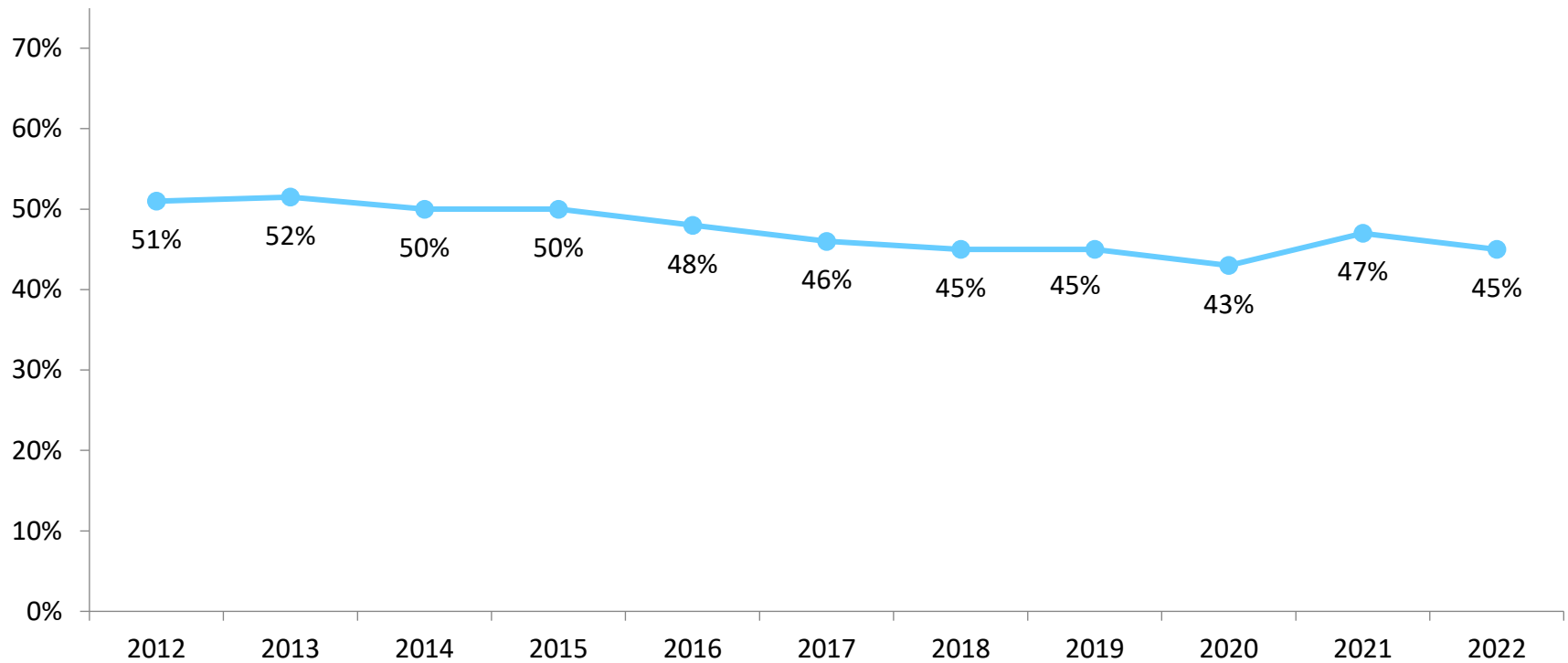


2022 YOY Increase 6%

Efficiency Ratio

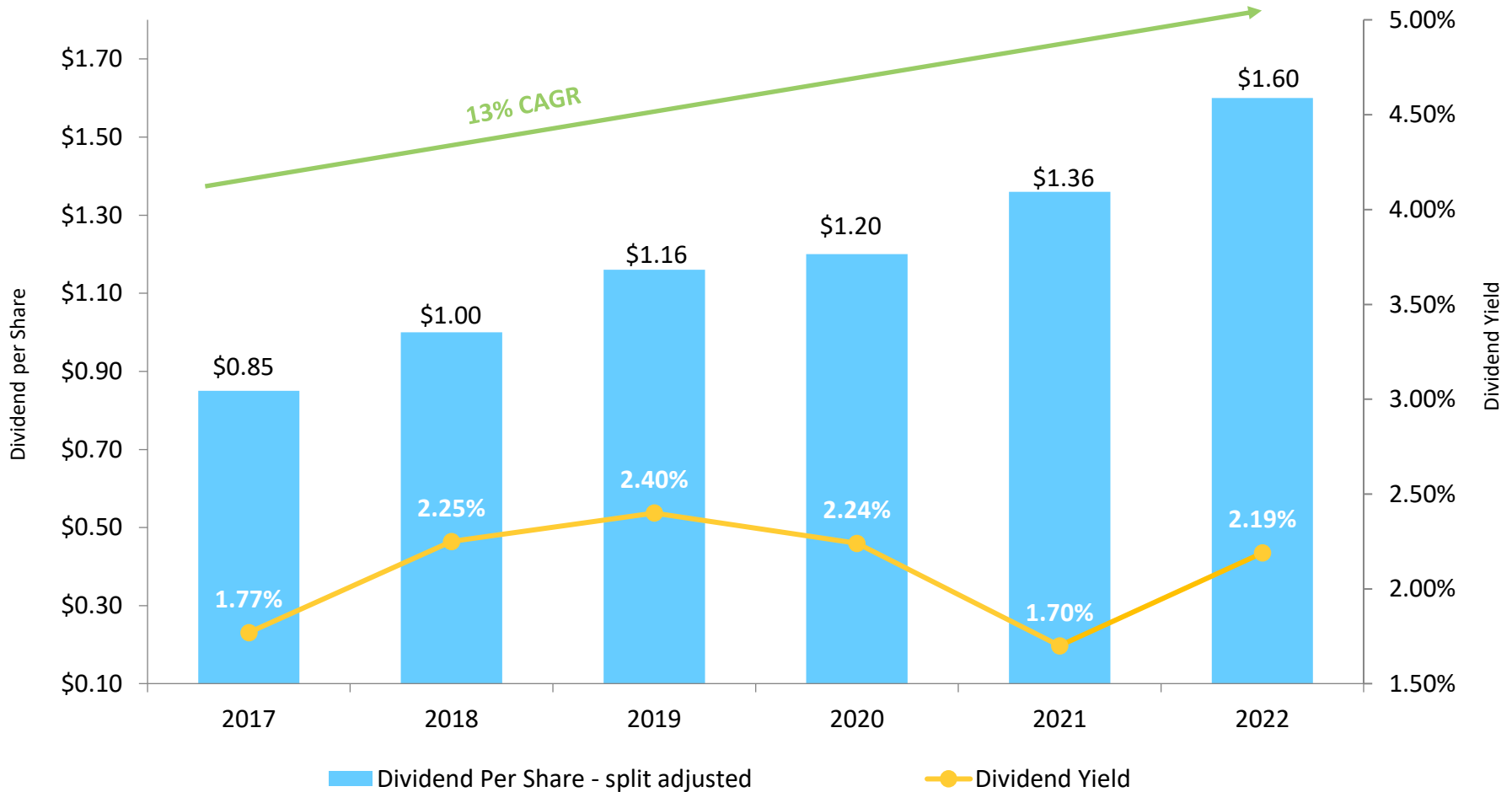
Revenue Growth Outpaces Expense Growth

Constant investment in technology and facilities



Stable Healthy Dividend

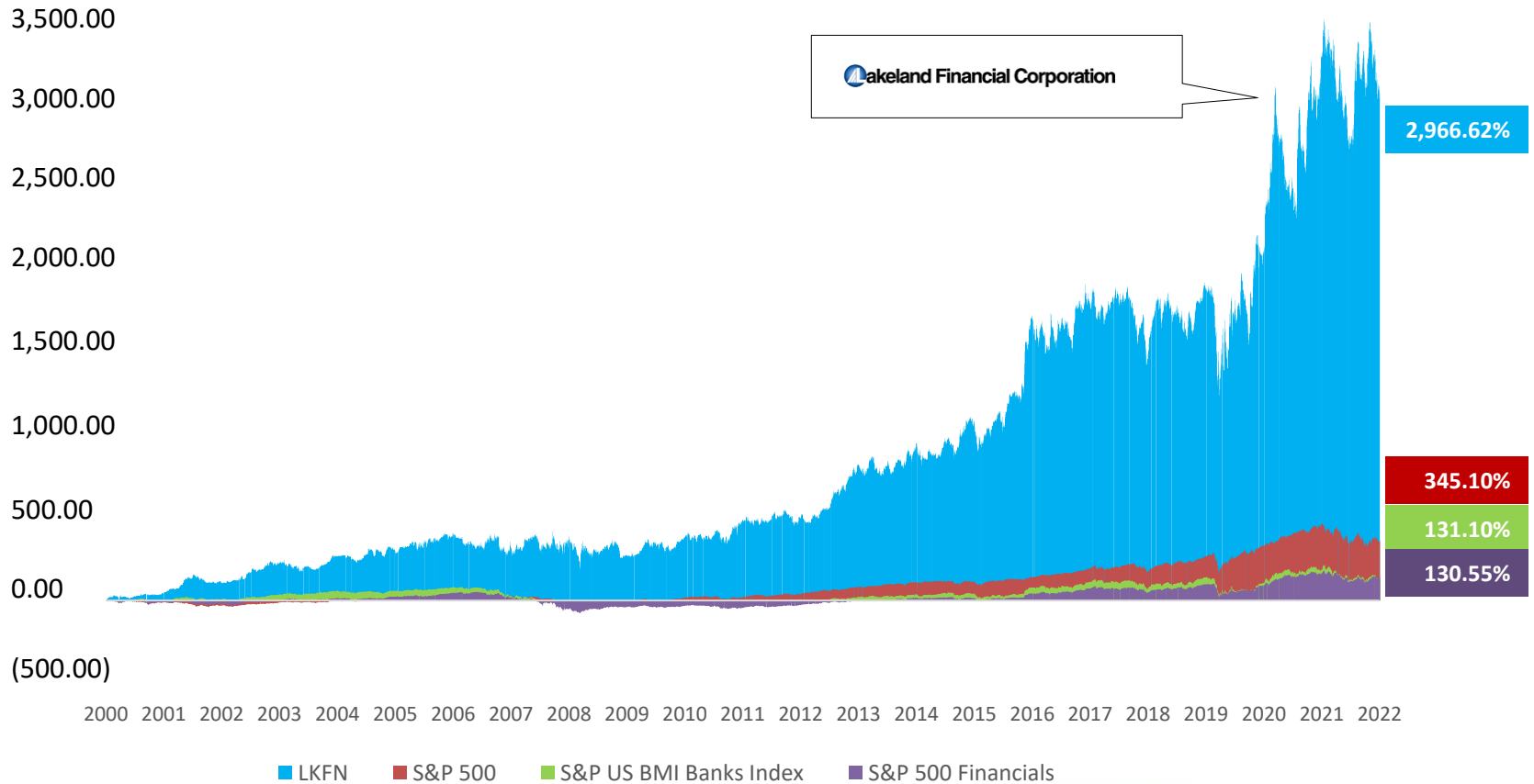
Growth in Dividend Reflects Strength of Capital



2022 Growth 18%

LKFN Shareholder Value

Total Return Performance from 12/31/00 to 12/31/22



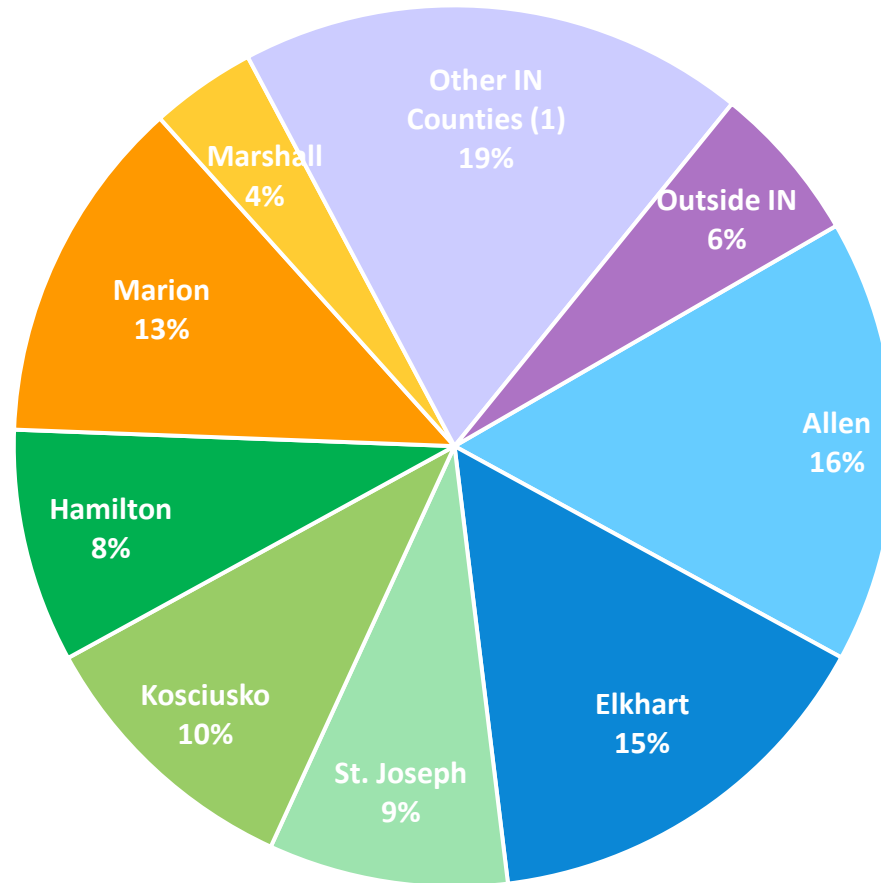
Investment Highlights

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

Supplemental Information

Commercial Loans by County

Commercial Customers in 46 Indiana Counties and 22 Other States



Commercial Loans
Outstanding as of
12/31/2022
\$4.2 billion

December 31, 2022
(000's)

(1) All other counties individually represent less than 1% of total

Larger Market Organic Expansion

Organic Growth

State Rank	County	Primary City	Population*	LCB Entry	LCB Deposit Market Share**	# of Branches
22.	Kosciusko	Warsaw	80,106	1872	60%	12
6.	Elkhart	Elkhart	206,921	1990	23%	11
5.	St. Joseph	South Bend	272,212	1997	9%	4
3.	Allen	Fort Wayne	388,608	1999	13%	5
1.	Hamilton, Johnson, Marion	Indianapolis	1,492,050	2011	1%	6



* Source: STATS Indiana

** Source: FDIC 6/30/22 Statistics

Mature Market Strength and Growth

Organic Growth

(millions)¹

	2022		2012			2022 # of Offices
	<u>Deposits</u>	<u>Share</u>	<u>Deposits</u>	<u>Share</u>	<u>Increase</u>	
1. 1 st Source	\$5,051	18.67%	\$2,550	14.77%	98.08%	53
2. Lake City Bank	\$4,978	18.40%	\$2,469	14.30%	101.62%	52
3. JPM Chase	\$3,896	14.40%	\$1,523	8.82%	155.81%	20
4. PNC	\$1,845	6.82%	\$1,249	7.24%	47.72%	17
5. First Merchants	\$1,128	4.17%	\$642	3.72%	75.70%	10
6. Flagstar/Wells Fargo ⁽²⁾	\$979	3.62%	\$2,141	12.40%	(54.27)%	23
7. Star	\$950	3.51%	\$440	2.55%	115.91%	10
8. Old National	\$778	2.87%	\$684	3.97%	13.74%	9
9. KeyBank	\$712	2.63%	\$922	5.34%	(22.78)%	14
10. FSB of Middlebury	\$639	2.36%	\$311	1.80%	105.47%	6
Market Total	\$27,058		\$17,264		56.73%	

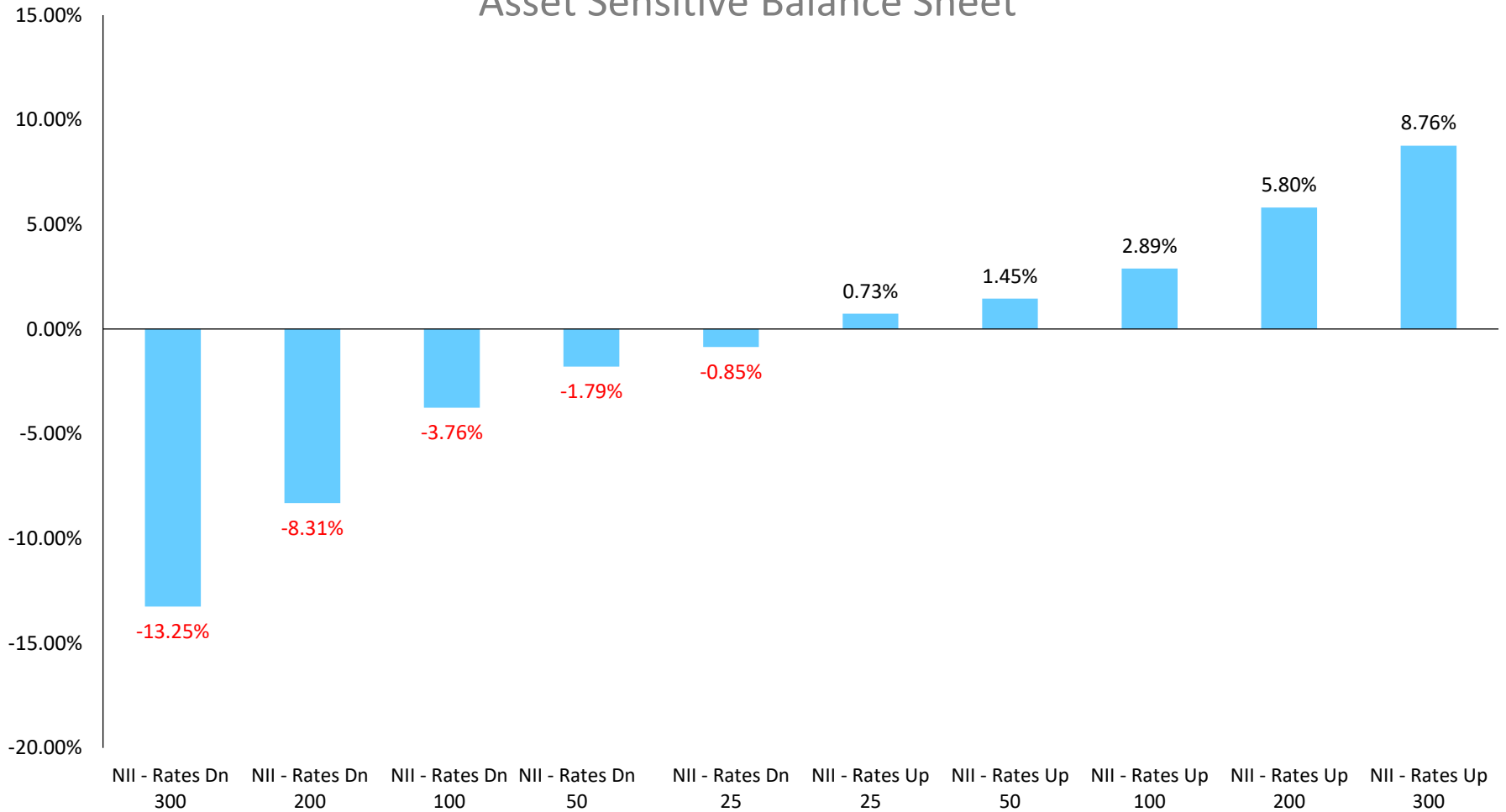
¹Mature Markets includes 12 Northern Indiana counties and excludes 3 Central Indiana counties

²Flagstar purchased Wells Fargo Indiana branches in 2018

Adjusted to include branches subsequently acquired by surviving banks. Data based on June 30th regulatory reporting for each year presented.

Projected Impact of Rising/Falling Rates

Asset Sensitive Balance Sheet



Graph presents 12 month projected net interest income simulation results as of December 31, 2022 using parallel shocks



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