

# Lakeland Financial Corporation

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

3<sup>rd</sup> Quarter 2022

LKFN  
The logo consists of the word "NASDAQ" in a bold, blue, sans-serif font, with a horizontal line above it. Below the line, the word "LISTED" is written in a smaller, blue, sans-serif font.

The logo features the number "150" in a large, gold, serif font. To the right of the "0" is a circular emblem containing a blue and white sailboat. To the right of the emblem, the words "Lake City Bank" are written in a bold, black, sans-serif font. Below the "150" and emblem, the years "1872 / 2022" are written in a small, gold, sans-serif font.



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

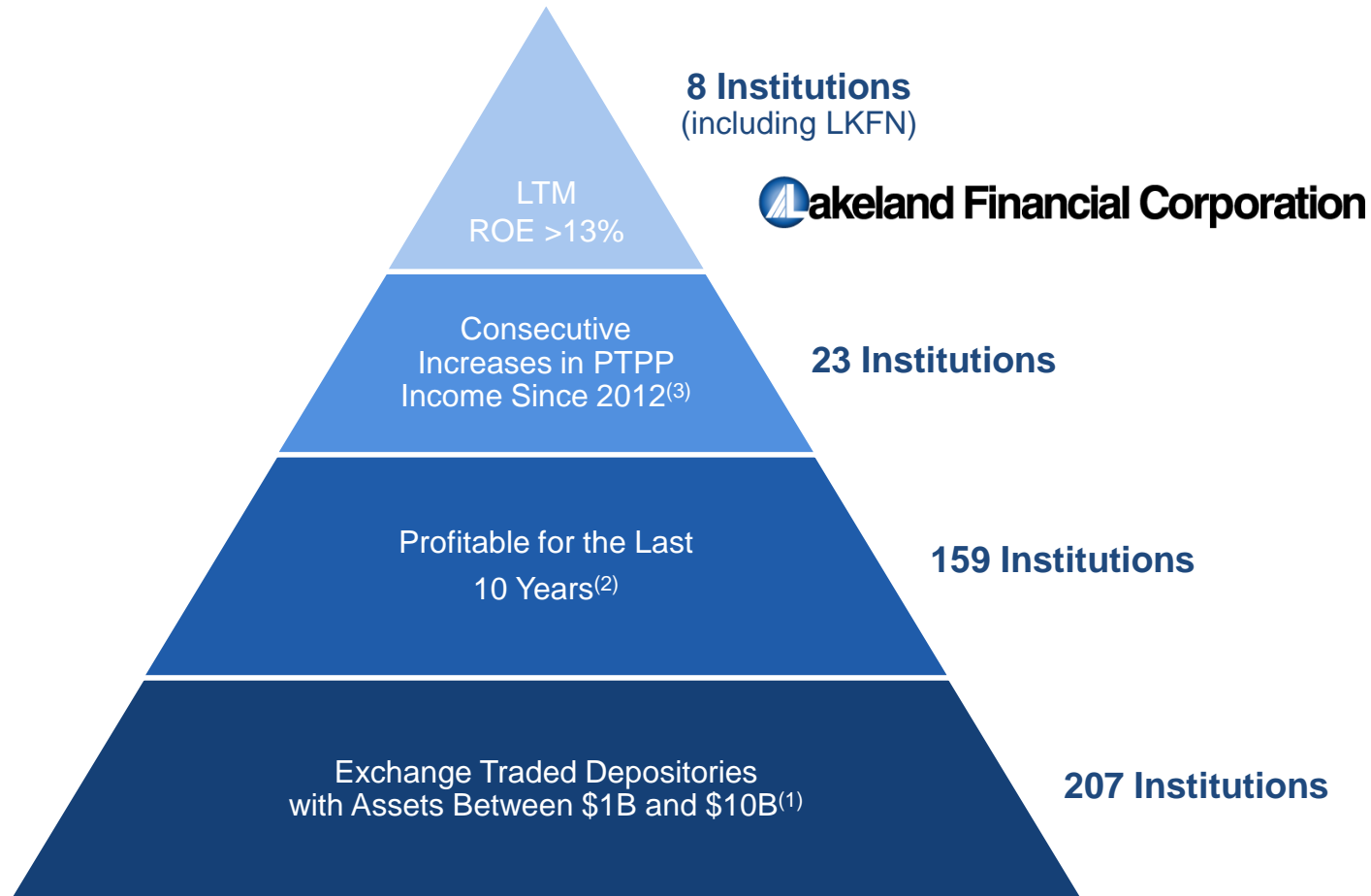
2021  
BANK  
PERFORMANCE  
SCORE  
CARD

\$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 June 30, 2022.

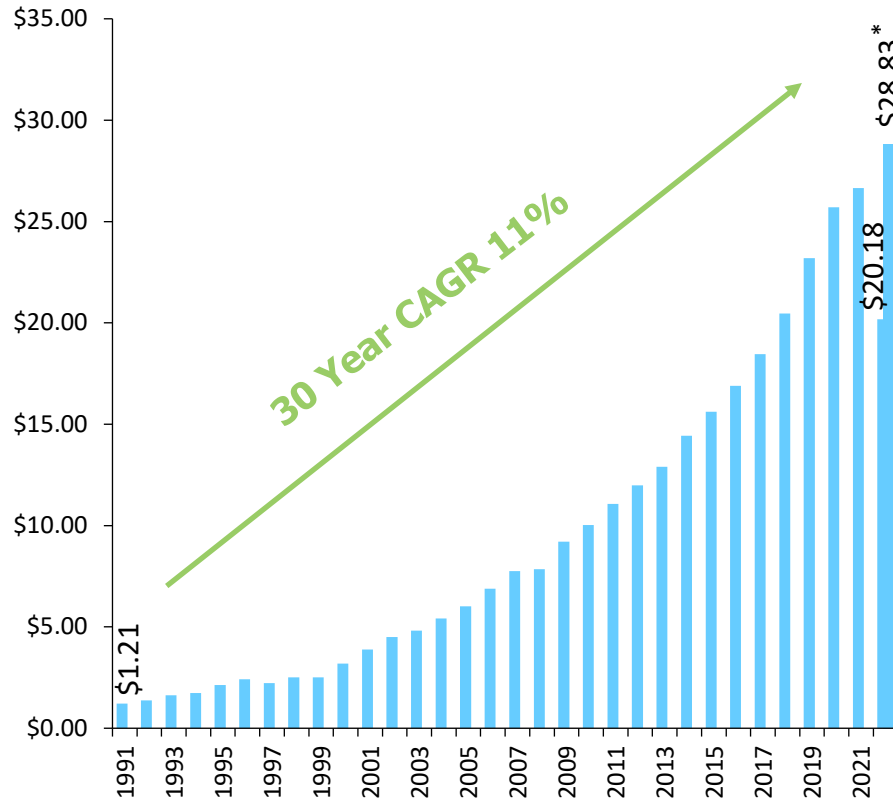
(1) Includes banks and thrifts traded on the NYSE, NYSEAM or NASDAQ as of 9/26/22; excludes merger targets.

(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.

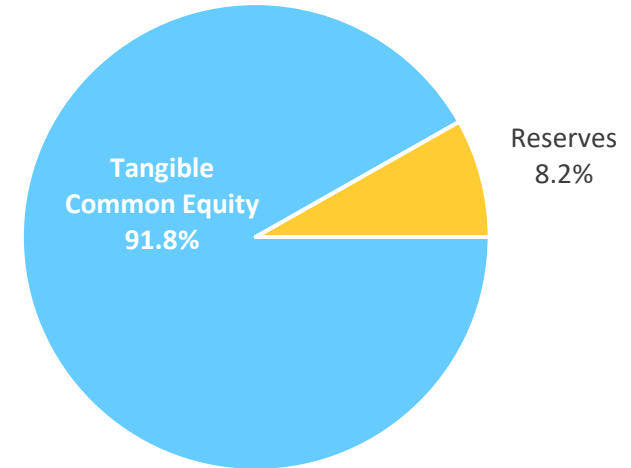
# Strong Capital Structure

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



<sup>(1)</sup>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



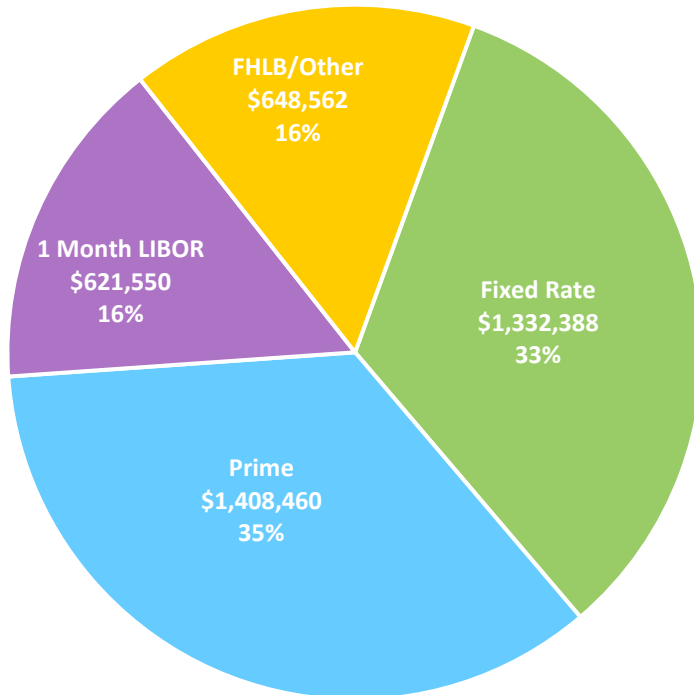
### Key Ratios and Per Share Data as of September 30, 2022

|                               |         |
|-------------------------------|---------|
| TCE/Tangible Assets           | 8.20%   |
| Adj. TCE/Adj. Tangible Assets | 11.22%  |
| Total Risk-Based              | 15.29%  |
| Leverage                      | 11.40%  |
| Book Value                    | \$20.33 |
| Tangible Book Value           | \$20.18 |
| Adj. Tangible Book Value      | \$28.83 |

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 Third Quarter 2022 Earnings Press Release and Form 8-K.

# Interest Rate Sensitivity

## Highly Asset Sensitive Balance Sheet



Commercial Loans  
\$4.0 billion as of September 30, 2022  
(000's)

- Every 25 basis point move up in the federal funds rate is expected to improve margin by 3-5 basis points
- Fixed rate loans have shorter, average original terms of 5 years
- Cost of funds remains at historically low levels but has begun to increase in Q3 with the expectation this trend continues
- 89% of loan portfolio consists of commercial loans and 67% of commercial loans are tied to variable interest rates



# Lake City Bank Today

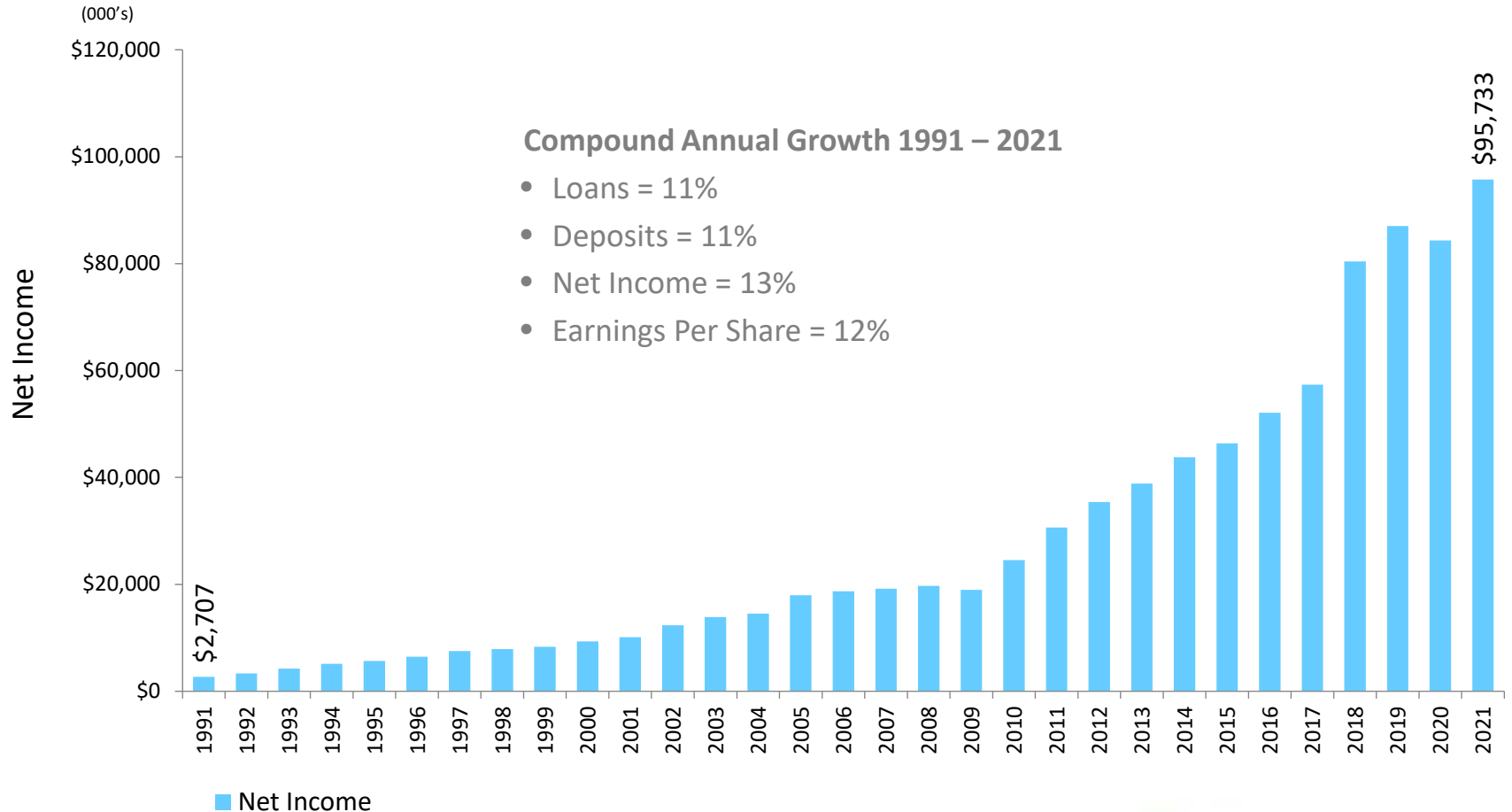
Sesquicentennial

- A long-term and consistent organic growth story
- Headquartered in Warsaw, Indiana
- 52 branch offices - \$6.3 billion banking assets - \$2.6 billion trust, retirement and investment brokerage assets
- Focused on execution – “blocking and tackling”
- Continued growth potential



# 30 Years of Organic Growth

Record Net Income for 31 of 33 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

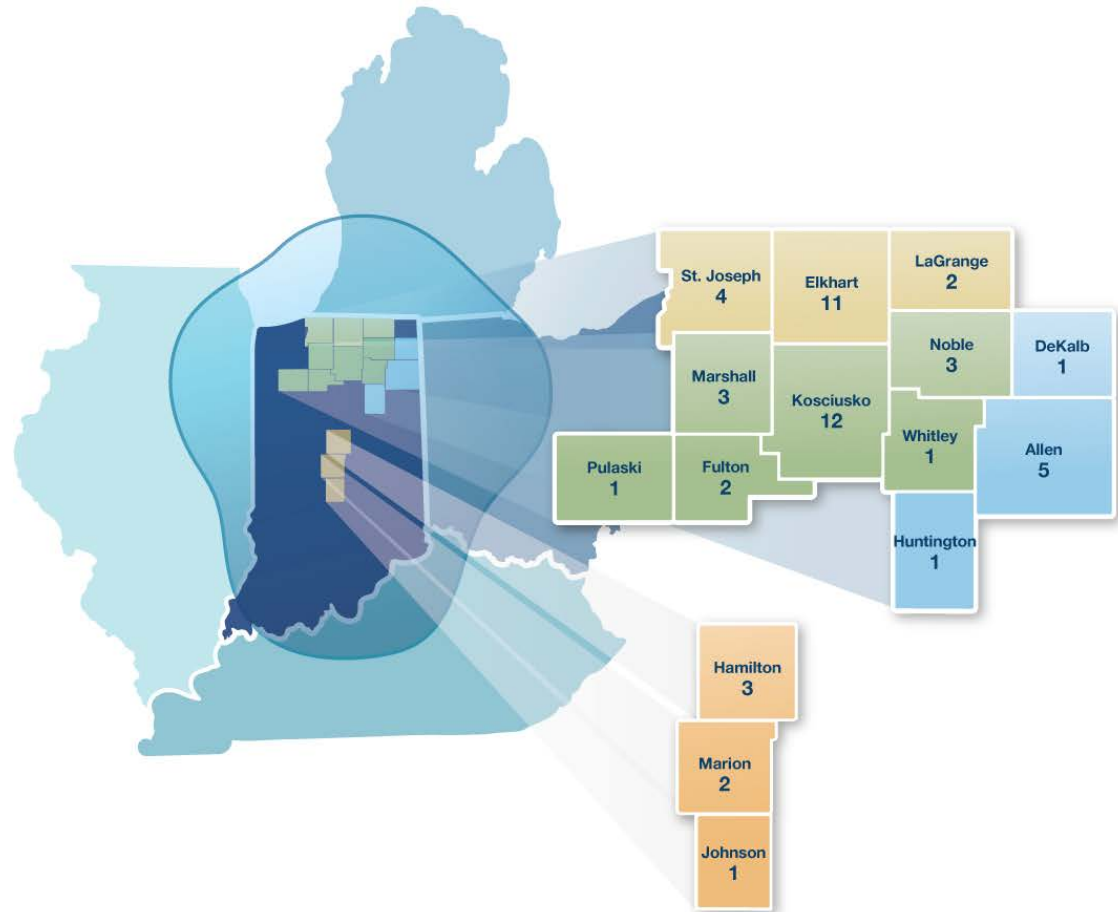
South Bend-4

### Fort Wayne – est. 1999

Allen-5  
DeKalb-1  
Huntington-1

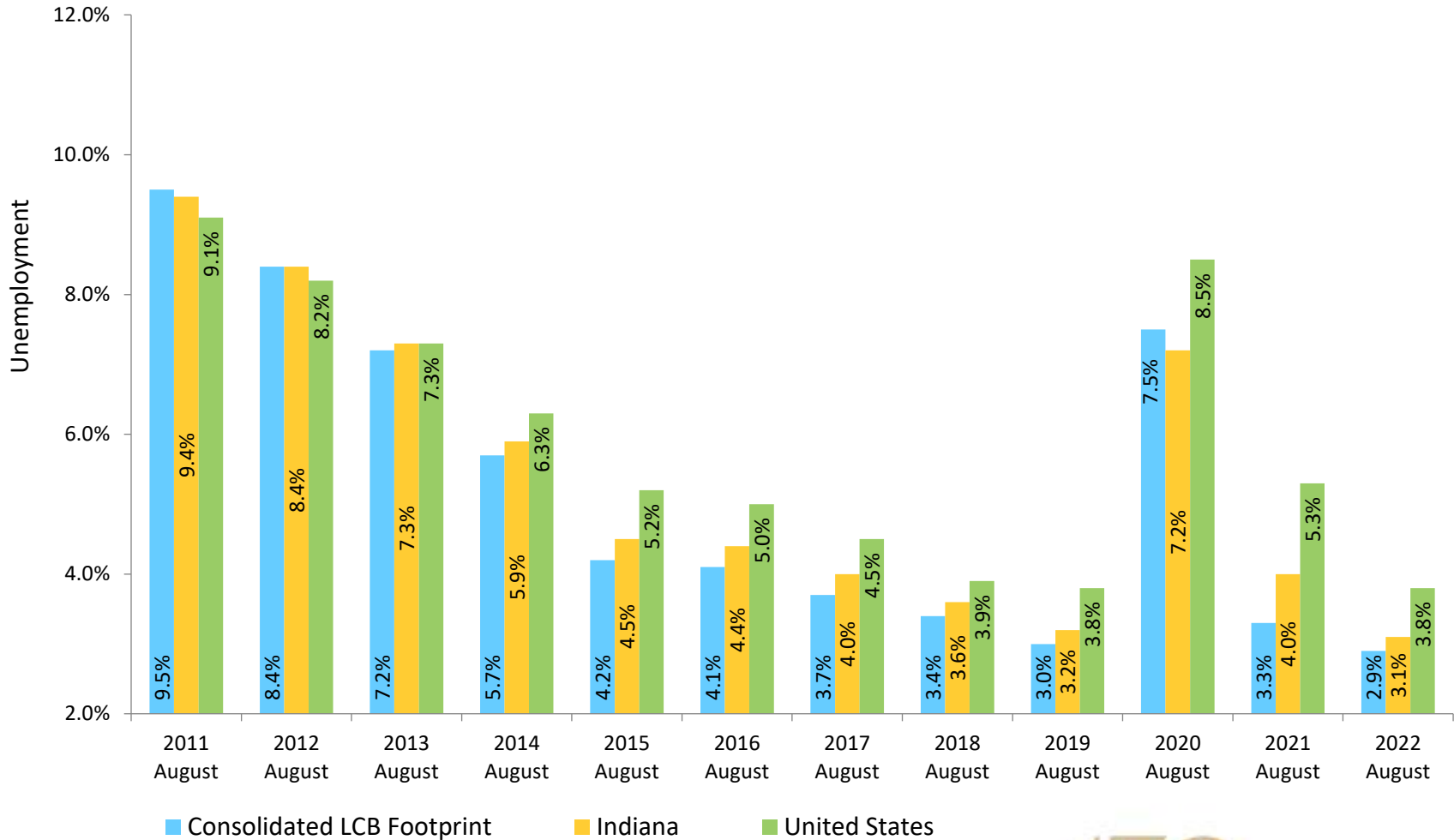
### Indianapolis – est. 2011

Hamilton-3  
Marion-2  
Johnson-1



# Strong Regional and Statewide Economy

Indiana Unemployment Rate is Significantly 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

- 40 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

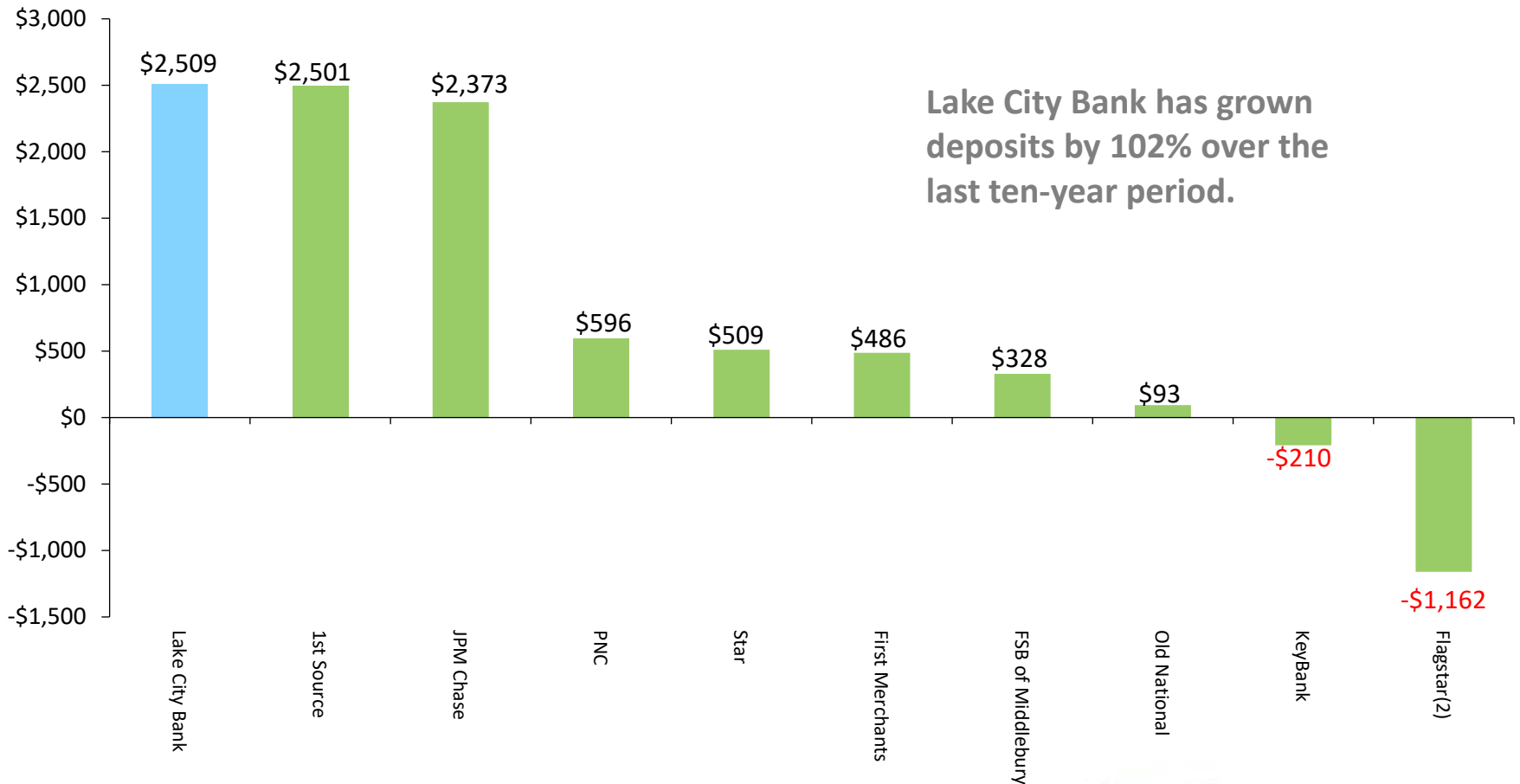
## High Quality Team Members

- 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



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

Organic Growth 2012 - 2022



<sup>1</sup>Mature Markets include 12 Northern Indiana counties and exclude 3 Central Indiana counties

<sup>2</sup>Flagstar acquired Wells Fargo branches in 2018

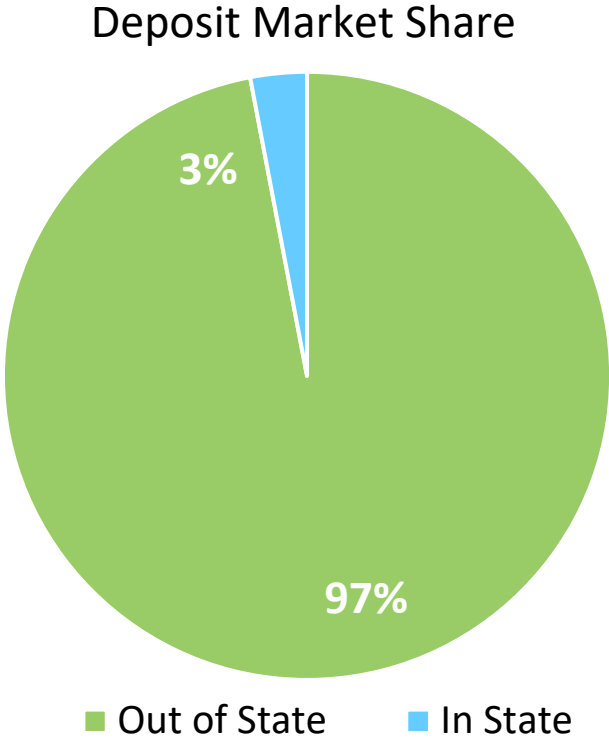
Totals adjusted to include branches subsequently acquired by surviving banks.

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<sup>(1)</sup>
- Manufacturing jobs increased 4.2% from June '21 to June '22<sup>(2)</sup>
- U.S. Census Bureau announced Indiana's population grew by 4.7% between 2010 and 2020
- Indiana unemployment at 2.4% as of June 2022<sup>(3)</sup>
- 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<sup>(4)</sup>

(1) [https://www.statsamerica.org/sip/rank\\_list.aspx?rank\\_label=gsp2\\_b&item\\_in=12&ct=S18](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>

# Core Deposit Funding Strategy

Core Deposit Growth Impacted by Excess Liquidity in Economy

- Deposit surge from PPP funding and stimulus starting to abate
- DDA growth over two years of 29%
  - Retail quarter average growth of 58% over two years
  - Commercial quarter average growth of 24% 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, our focus on a solution that is experiencing increased demand
- 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 <sup>(1)</sup> | % of Total  | Total Transactions 2022 <sup>(1)</sup> | % of Total  | Three Year Change |
|------------------------------|--|-------------|--|-------------|-------------------|
| Branch Transactions          | 2,309,051                              | 18%         | 2,033,179                              | 14%         | (12)%             |
| ATM/ITM                      | 941,914                                | 7%          | 867,327                                | 6%          | (8)%              |
| Online Logins                | 5,150,800                              | 41%         | 4,613,640                              | 32%         | (10)%             |
| Mobile Logins <sup>(2)</sup> | 4,043,192                              | 32%         | 6,603,414                              | 46%         | 63%               |
| Telephone Banking            | 266,190                                | 2%          | 223,904                                | 2%          | (16)%             |
| <b>Total</b>                 | <b>12,711,147</b>                      | <b>100%</b> | <b>14,341,464</b>                      | <b>100%</b> | <b>13%</b>        |

<sup>(1)</sup> Measurement period includes twelve months of data ending September 30, 2019 and September 30, 2022

<sup>(2)</sup> Includes mobile phone, Apple watch & iPad app use

# Customer Composition and Digital Adoption

September 2022

## Customer Composition and Digital Adoption Over Three Years

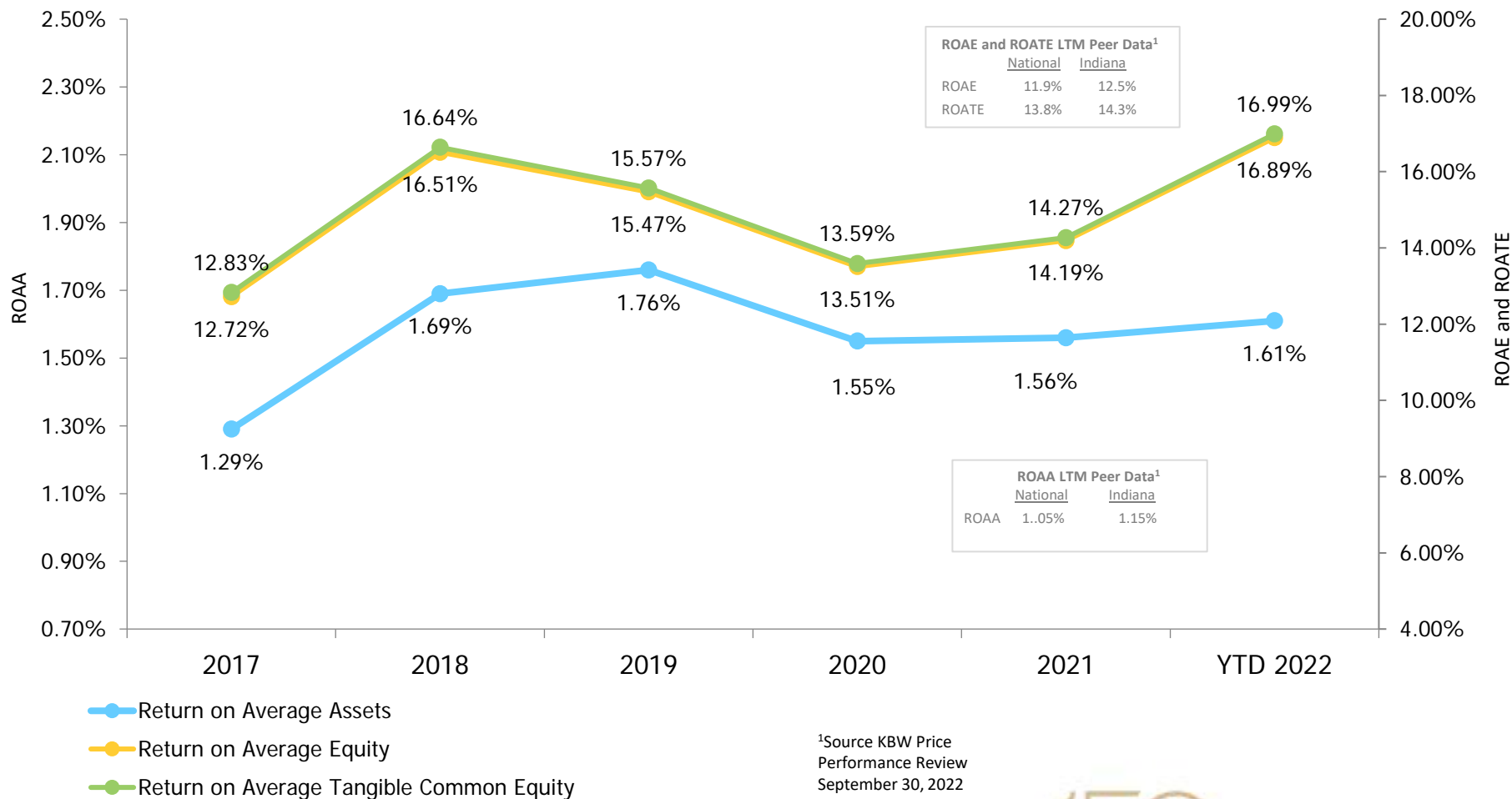
| Generation         |                  | Customer Breakdown | 9/30/22 | 9/30/21 | 9/30/20 |
|--------------------|------------------|--------------------|---------|---------|---------|
| <b>Gen Z</b>       | (1996 - Current) | 16%                | 54%     | 45%     | 43%     |
| <b>Millennial</b>  | (1977 - 1995)    | 25%                | 63%     | 56%     | 55%     |
| <b>Gen X</b>       | (1965 - 1976)    | 19%                | 52%     | 46%     | 44%     |
| <b>Baby Boomer</b> | (1946 - 1964)    | 30%                | 46%     | 41%     | 39%     |
| <b>Mature</b>      | (1945 or before) | 10%                | 33%     | 29%     | 26%     |
| Digital Adoption   |                  |                    | 51%     | 45%     | 43%     |



# Financial Performance

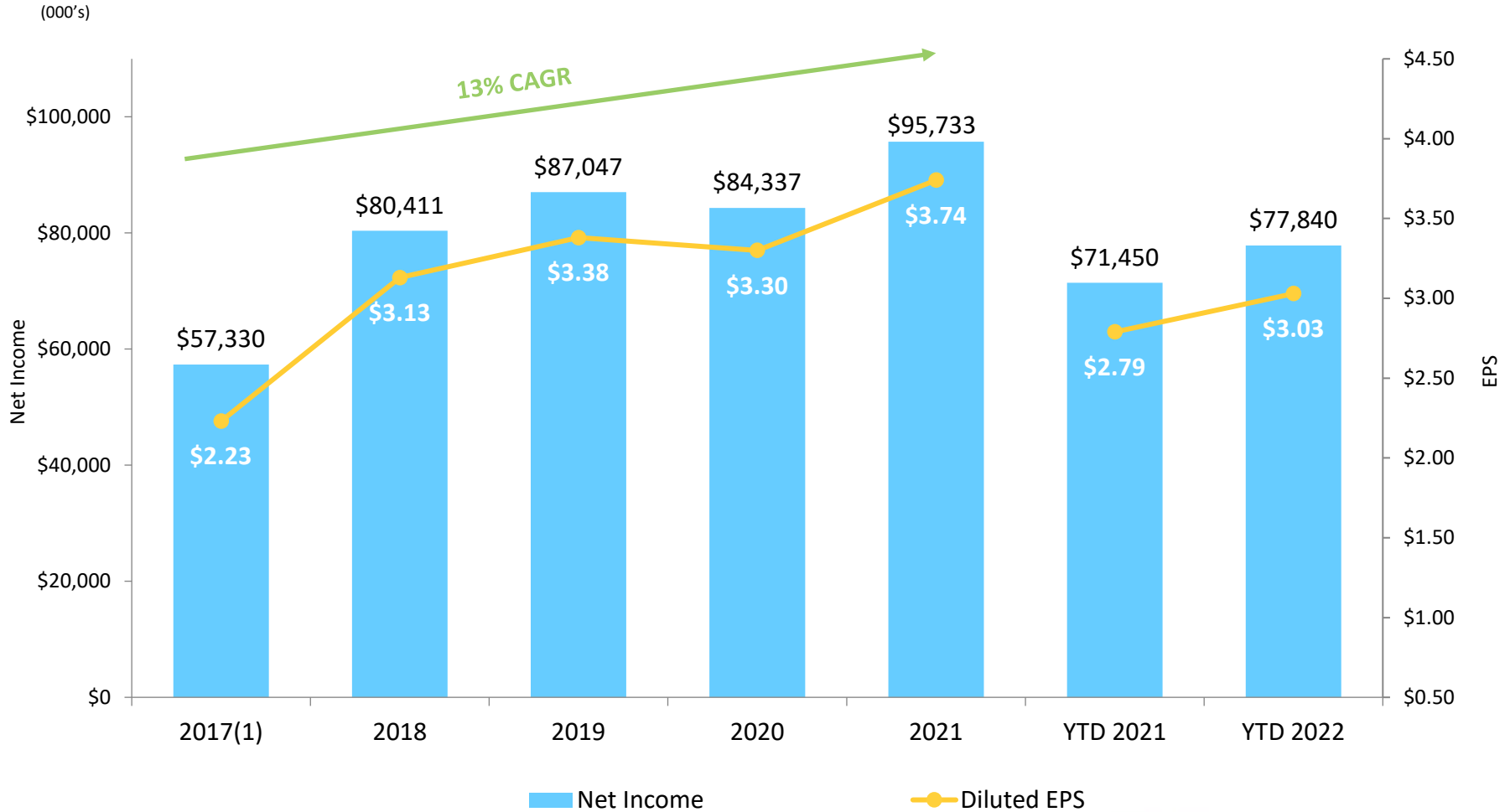
# Income Performance Metrics

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



# Net Income and EPS

Profitability Improves in 2022

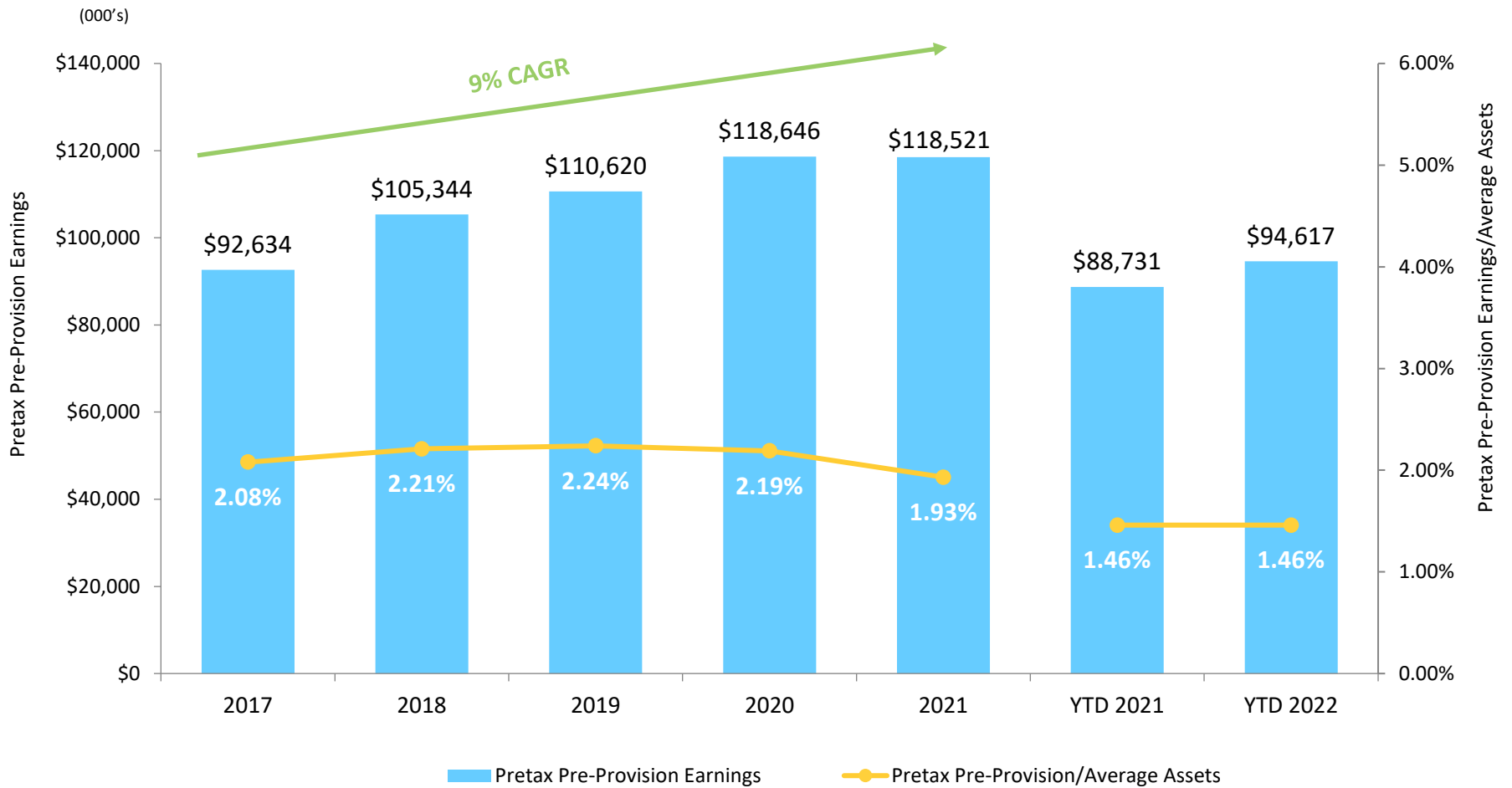


2022 Net Income increase 9%  
2022 Diluted EPS increase 9%

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

# Pretax Pre-Provision Earnings

Growth in Net Interest Income Offset by Decline in Noninterest Income

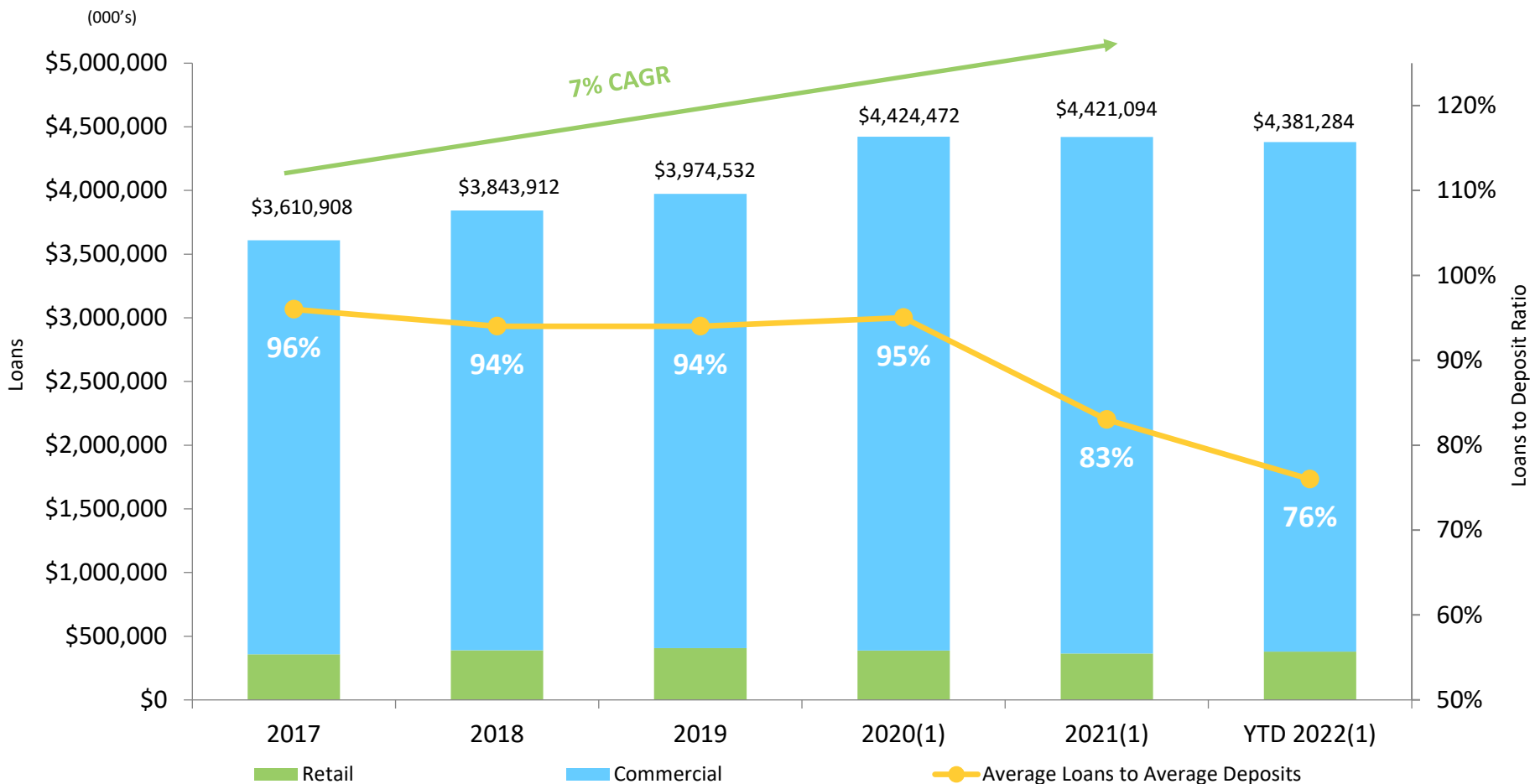


2022 Pretax Pre-Provision Earnings YOY Increase 7%

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.

# Average Loans

Organic Average Loan Growth ex PPP of \$199 million or 5% for 2022



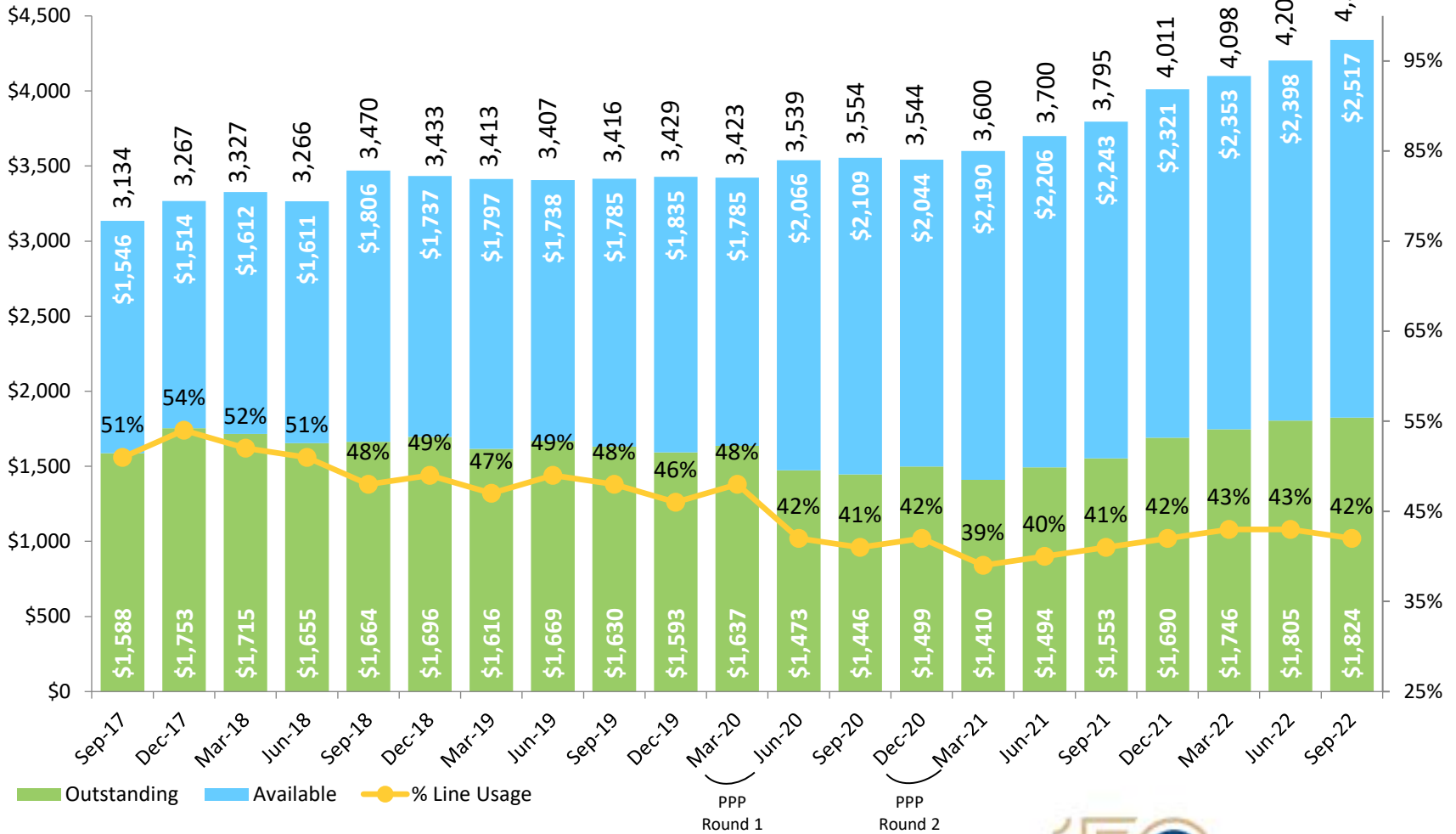
2022 YOY Decrease (2)%

2022 YOY ex PPP, Increase 5%

(1) Includes \$377 million in Average PPP loans in 2020, \$238 million in December 31, 2021, and \$10 million in 2022

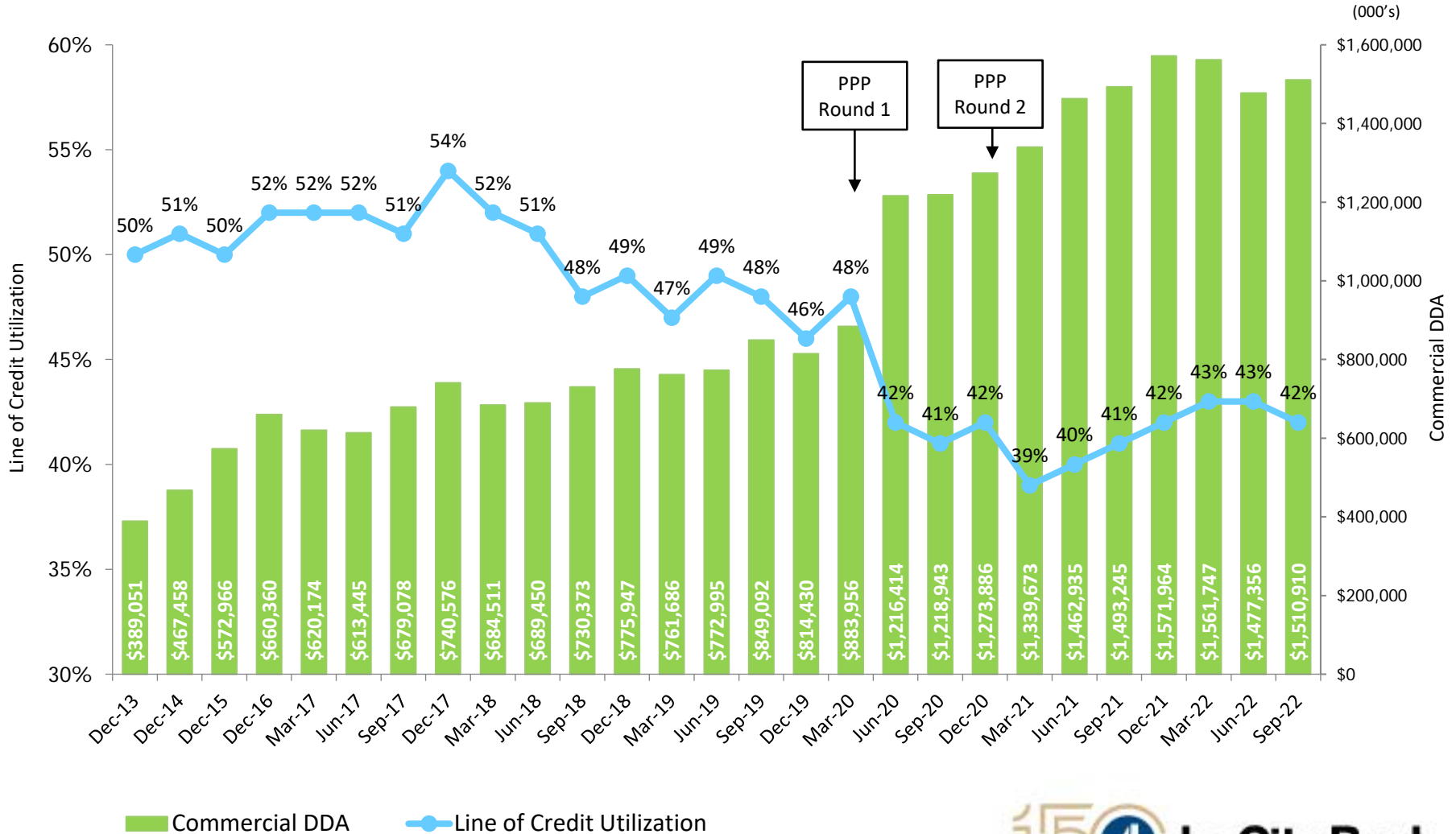
# Line of Credit Utilization

Utilization Improves in 2022



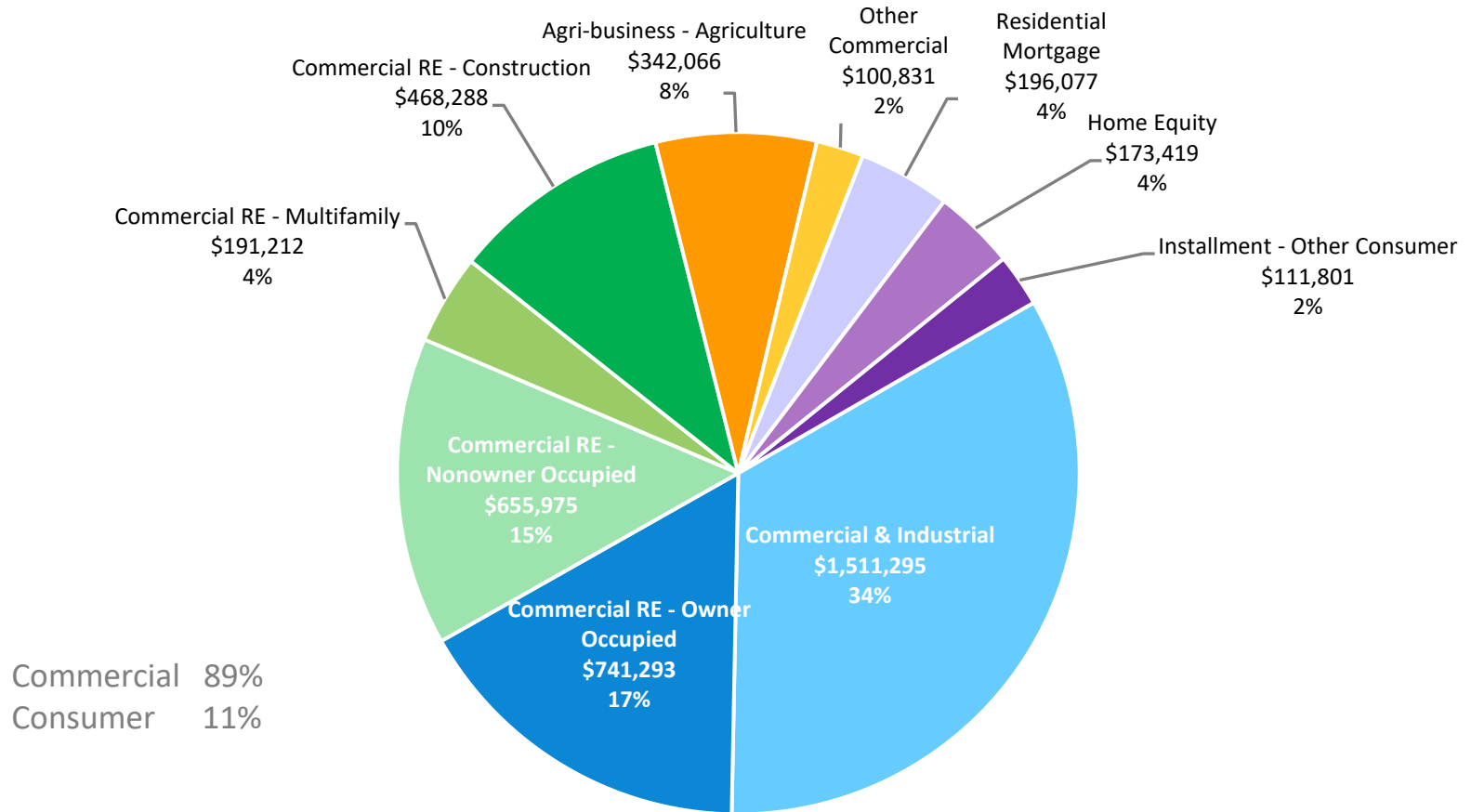
# Line of Credit Utilization vs. Commercial DDA

PPP Funding Negatively Impacted Line Utilization



# Loan Portfolio Breakdown

## C&I Drives Lending Business



Commercial 89%  
Consumer 11%

\$4.5 billion as of September 30, 2022

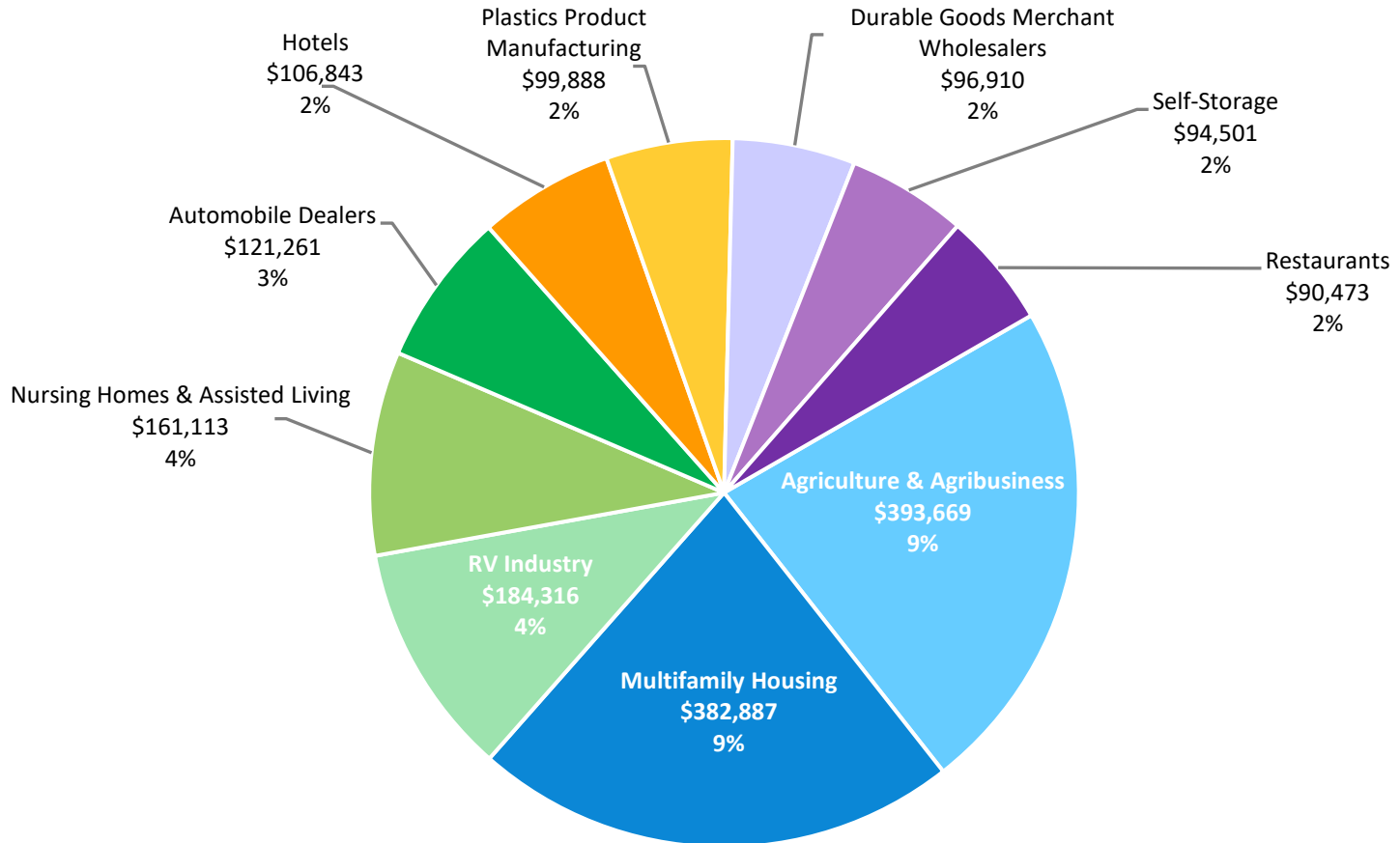
(000's)

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

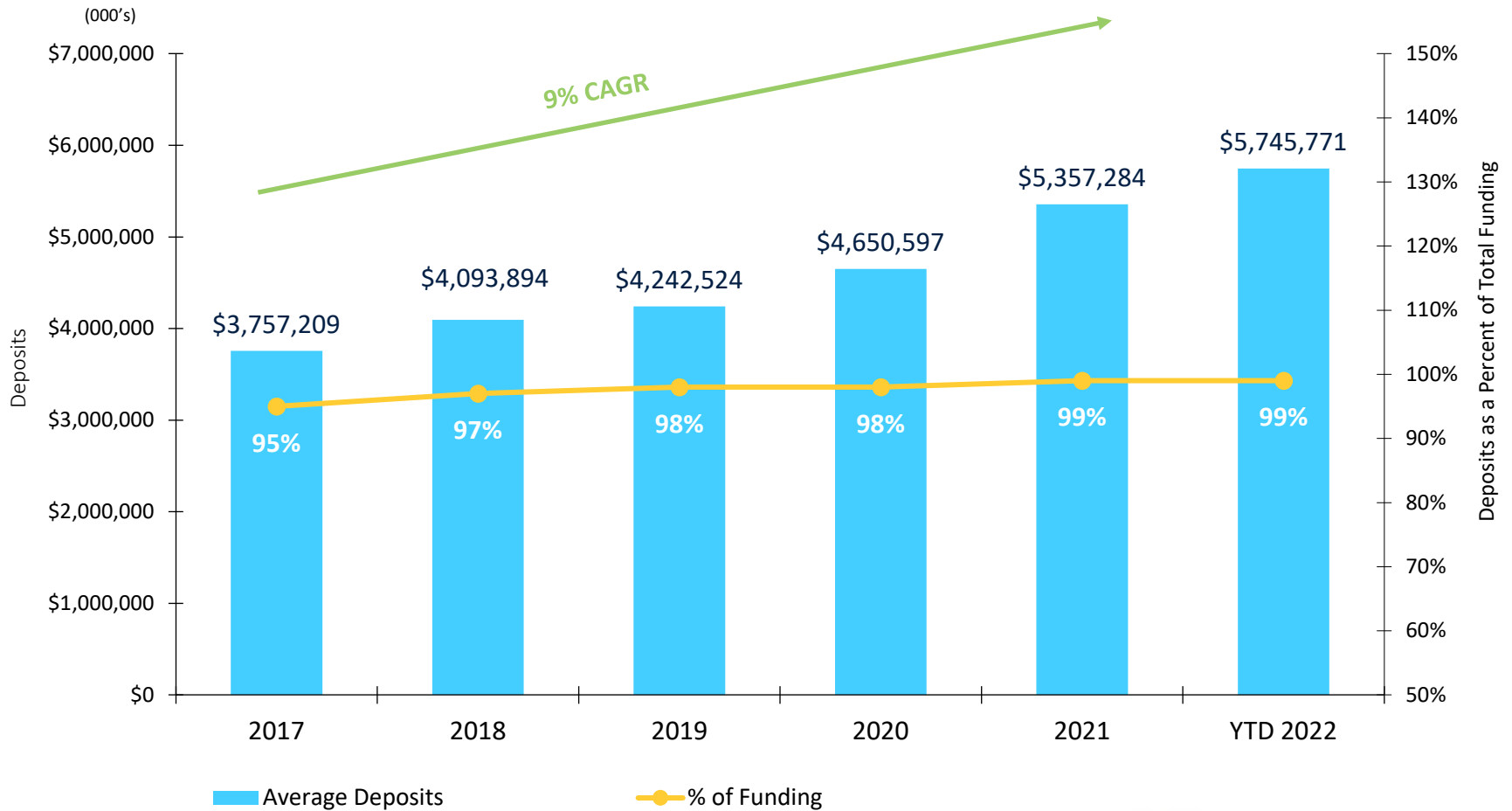


Top 10 Industries Represent 39% or \$1.7 billion of Total Loans

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

# Average Deposits

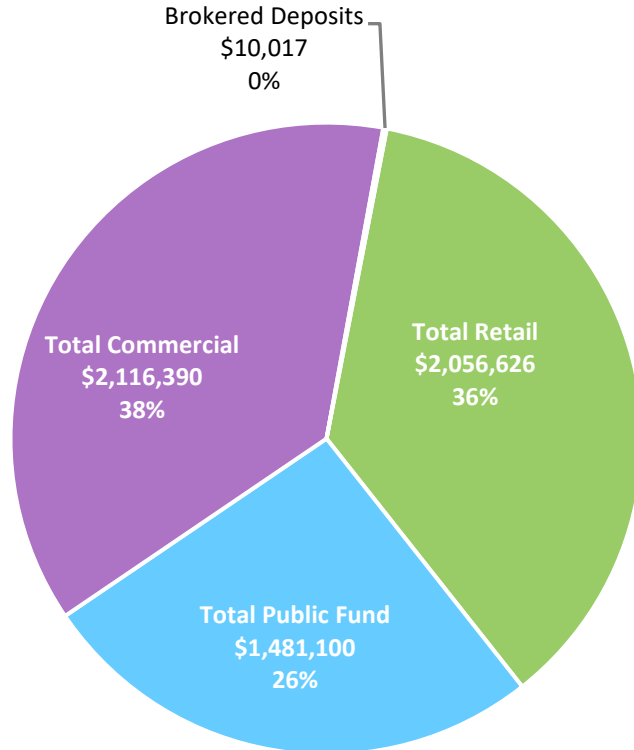
Deposit Growth Slows in 2022 Compared to 2021



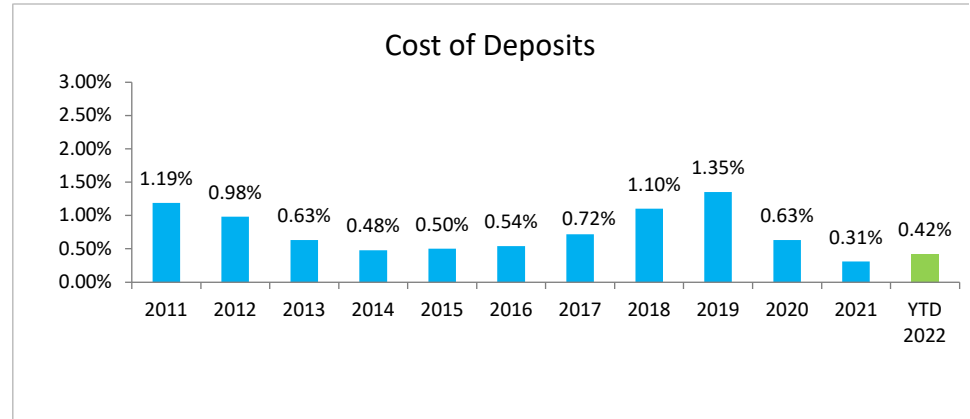
2022 YOY Growth 9%

# Deposit Breakdown

Deposit Costs Rise in Response to Rising Interest Rate Environment



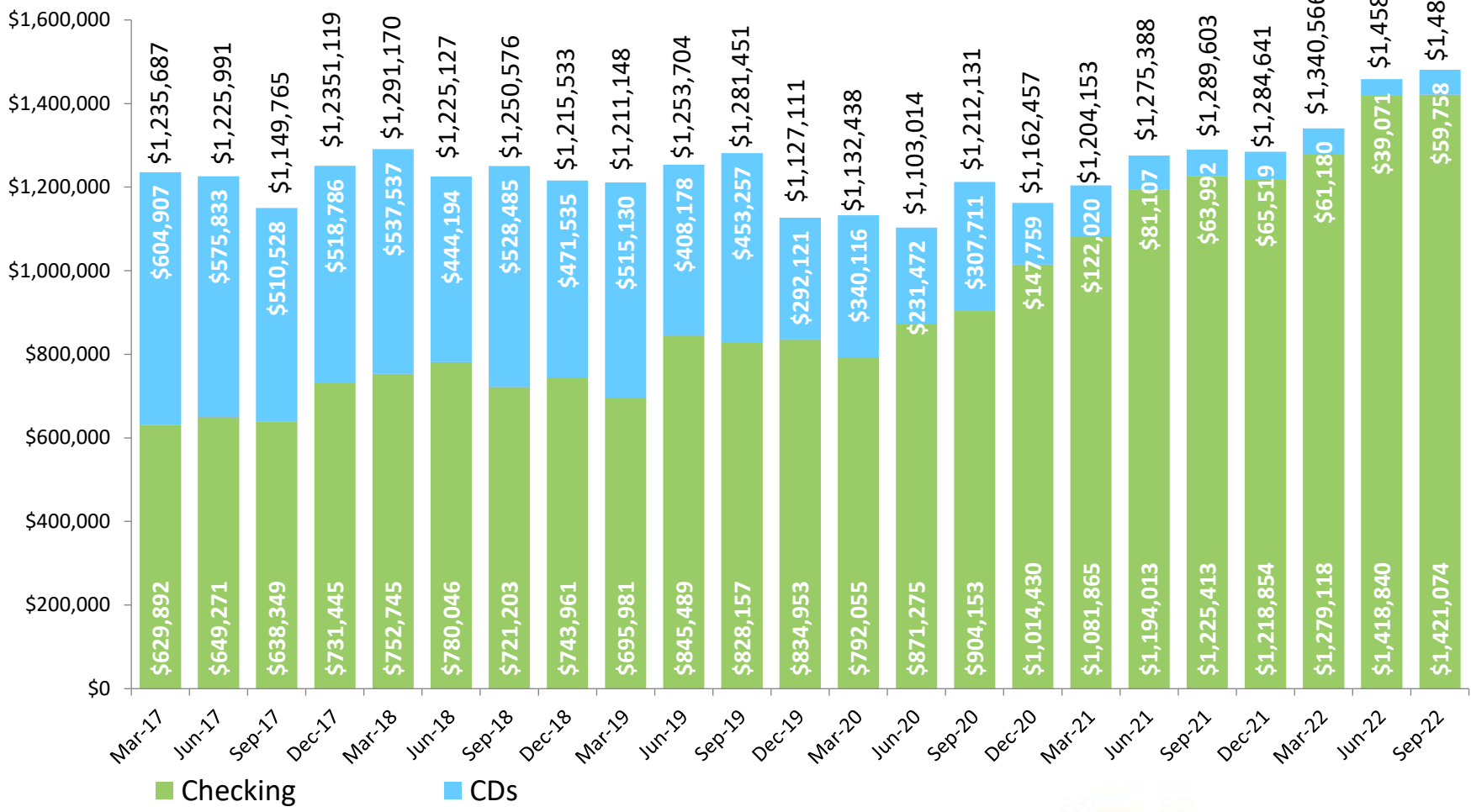
September 30, 2022  
 Total Deposits - \$5.7 billion  
 (000's)



| Deposit Composition at end of period   | 2009         | 2022         |
|--|--------------|--------------|
| Non-interest Bearing Demand Deposits   | 12%          | 32%          |
| Interest Bearing Demand, Savings & MMA | 34%          | 55%          |
| Time Deposits > or = to \$100,000      | 35%          | 10%          |
| Time Deposits < \$100,000              | 19%          | 3%           |
| <b>Total Deposits (billions)</b>       | <b>\$1.9</b> | <b>\$5.7</b> |

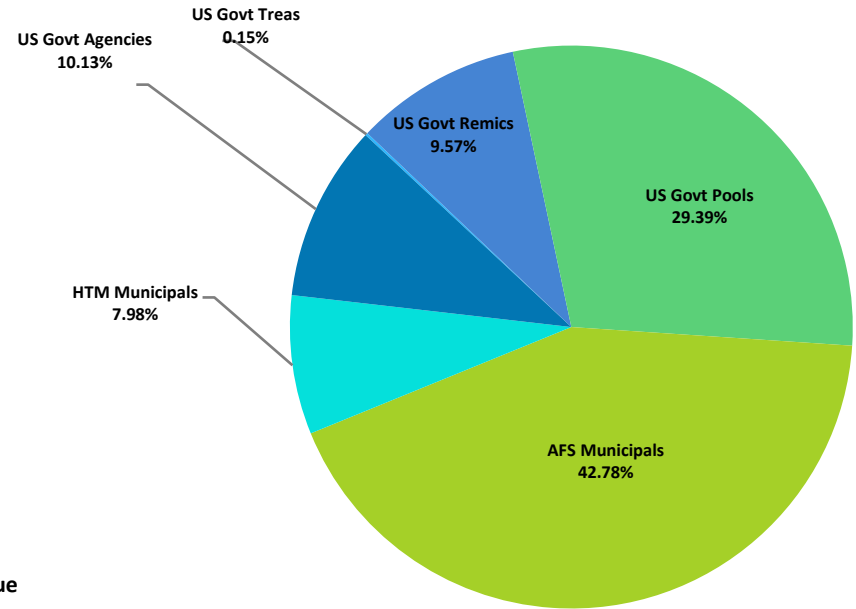
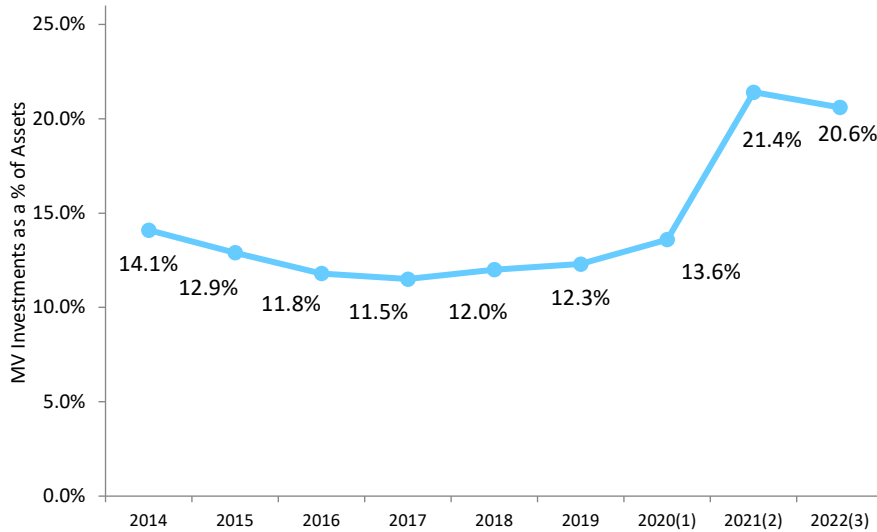
# Public Fund Deposit Trends

Majority of Public Funds are Core Deposits



# Investment Portfolio

Excess Liquidity Temporarily Deployed to Investment Portfolio



September 30, 2022

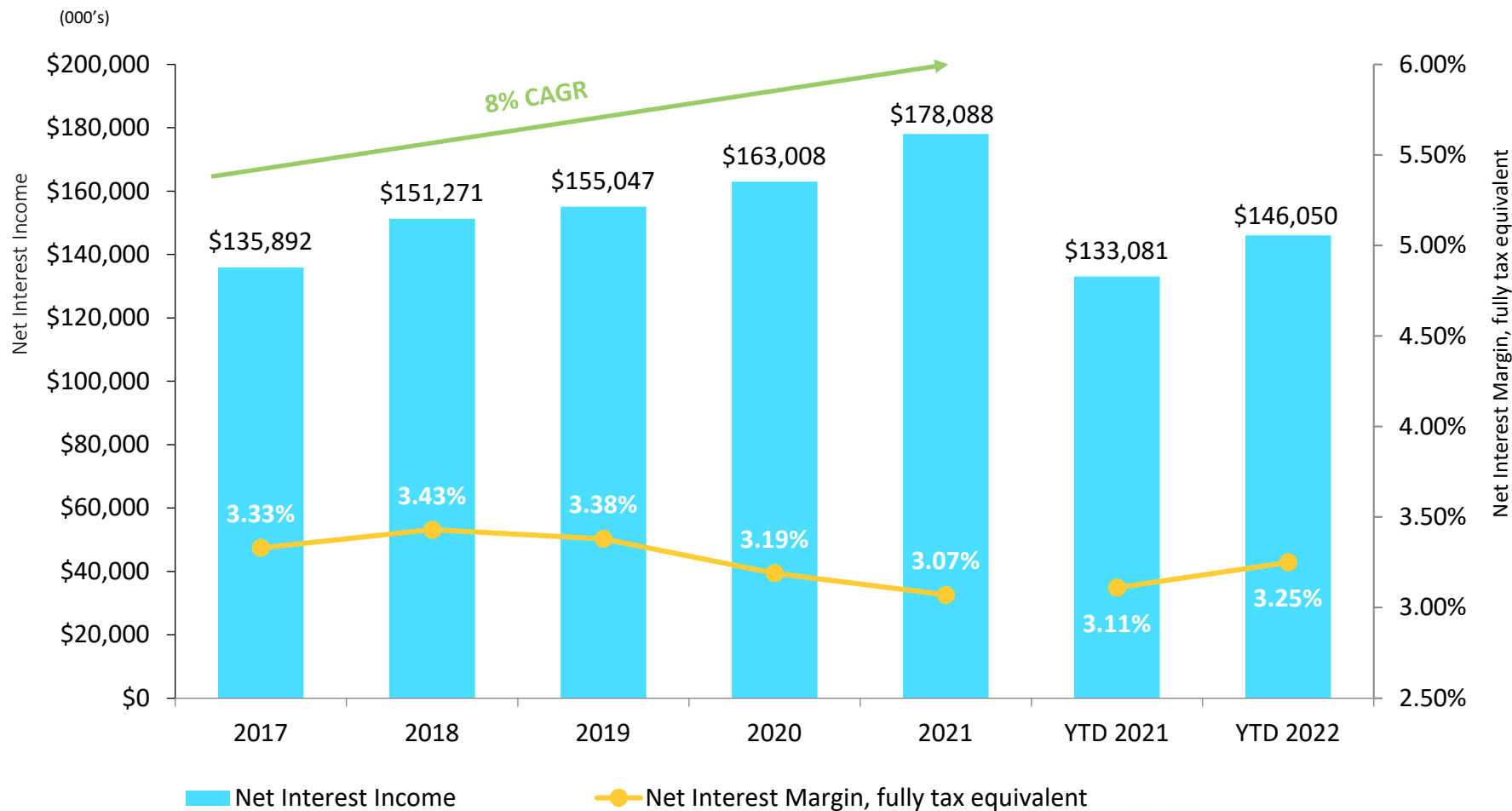
|                                     | Weighted Maturity | Book Yield   | Market Value       |
|-------------------------------------|-------------------|--------------|--------------------|
| US Govt REMICS                      | 5.74              | 2.16         | 123,967            |
| US Govt Pools                       | 6.91              | 1.94         | 380,788            |
| US Agencies                         | 8.80              | 1.55         | 131,255            |
| US Treasury Notes/Bills             | 0.73              | 1.91         | 1,968              |
| AFS Municipals (TEY)                | 15.85             | 3.08         | 554,208            |
| HTM Municipals (TEY)                | 18.18             | 2.73         | 103,326            |
| <b>Total (Tax-Equivalent Yield)</b> | <b>11.85</b>      | <b>2.48%</b> | <b>\$1,295,512</b> |

Portfolio Effective Duration 6.5 years  
as of September 30, 2022

- (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 9/30/22 excludes PPP loans of \$2 million in total assets

# Net Interest Income

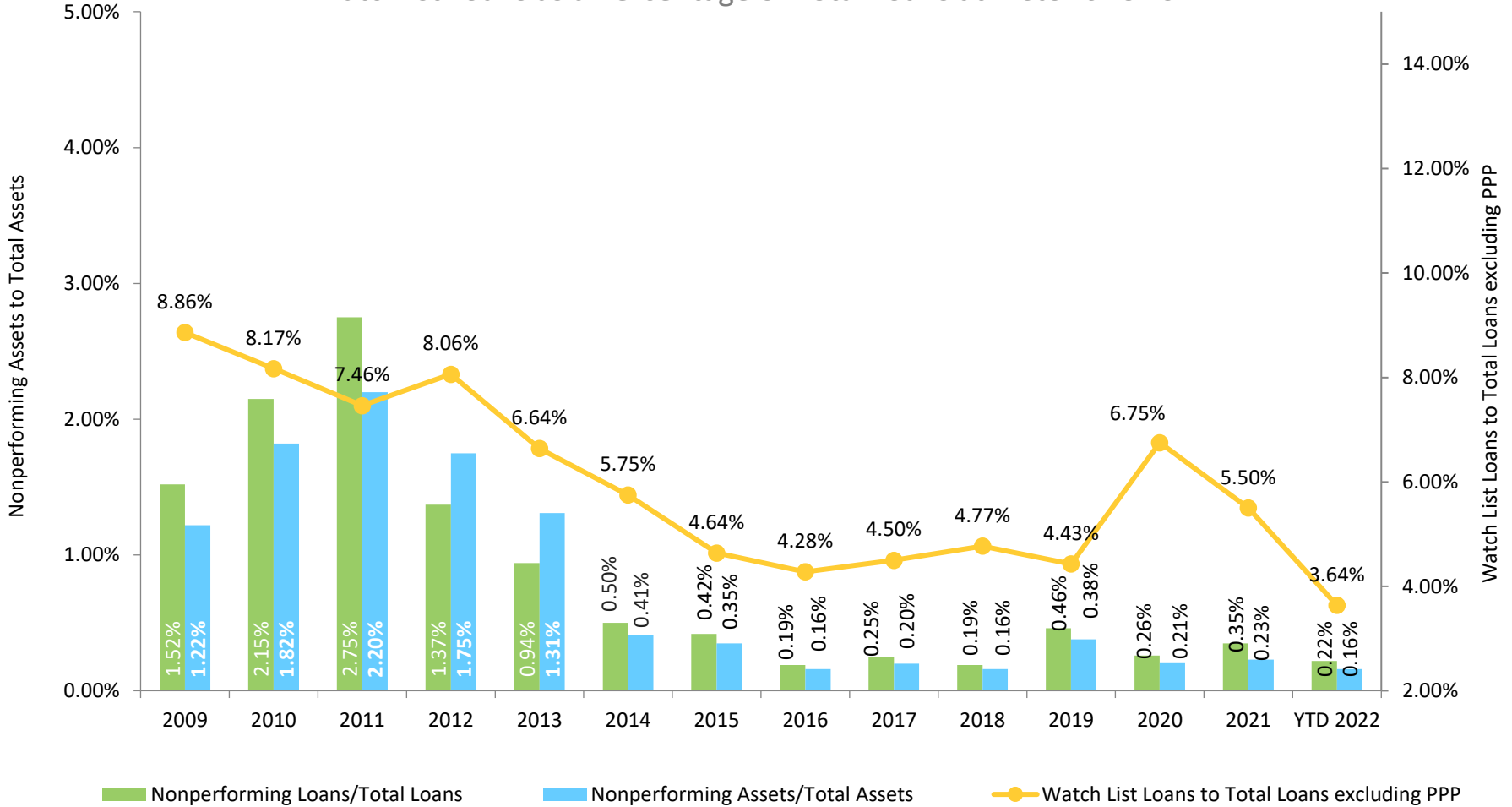
Growth in Net Interest Income Impacted by Higher Rates and Growth in Loans



2022 YOY Growth 10%

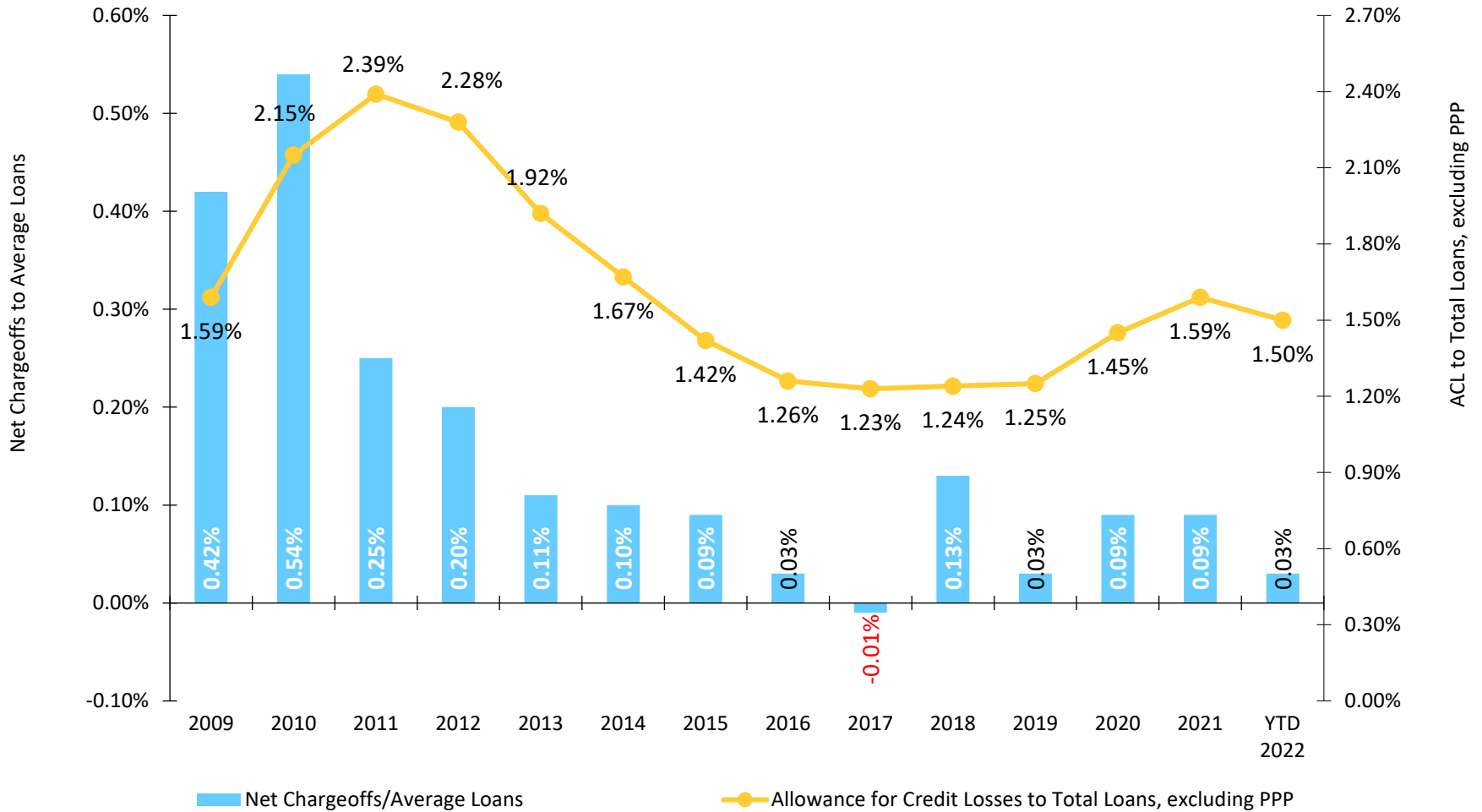
# Asset Quality

Watchlist Loans as a Percentage of Total Loans at Historic Lows



# Asset Quality

Allowance for Credit Losses Represents Strong Coverage

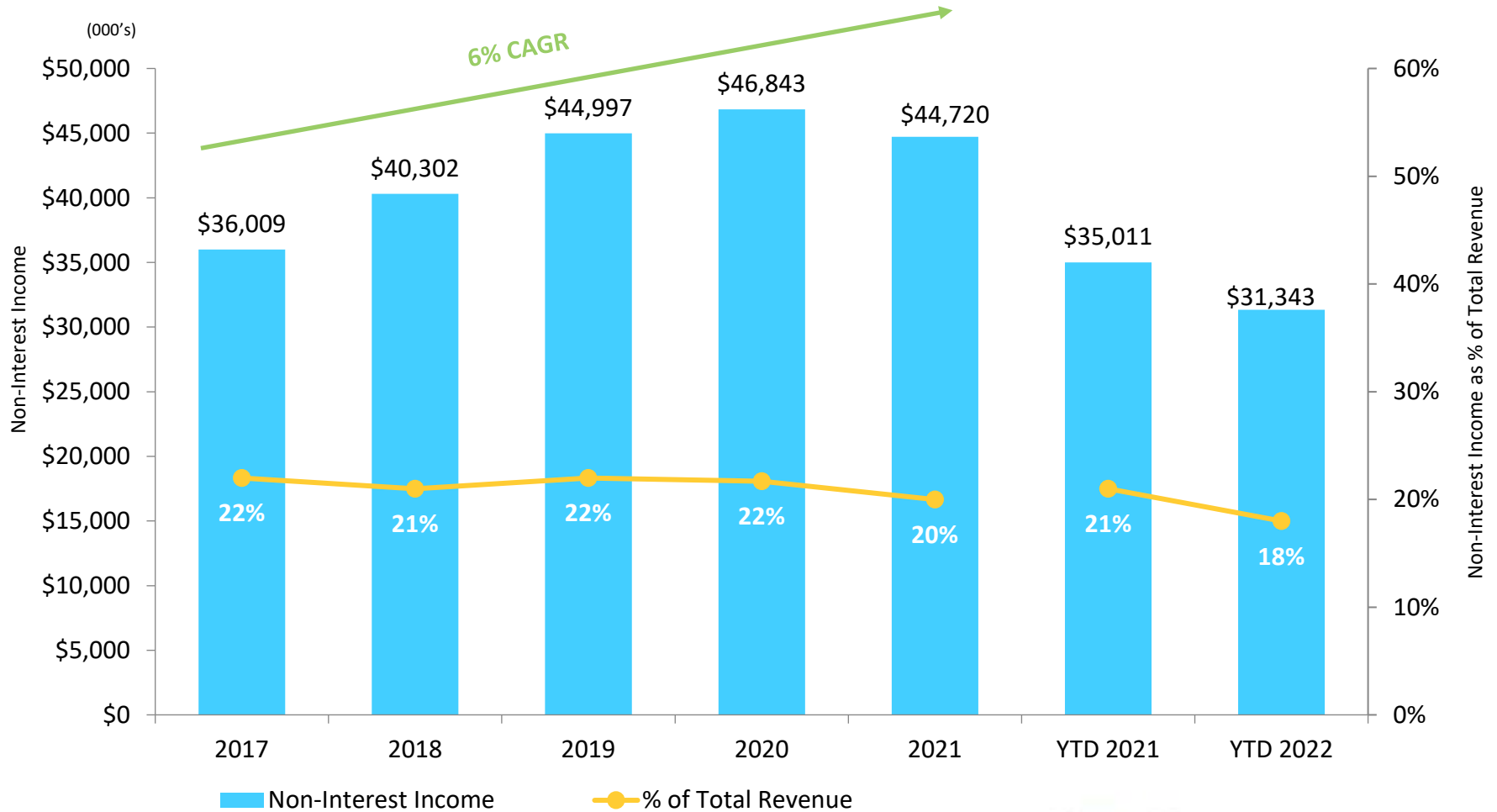


Note: Current Expected Credit Loss ("CECL") Standard adopted effective 1/1/21



# Noninterest Income

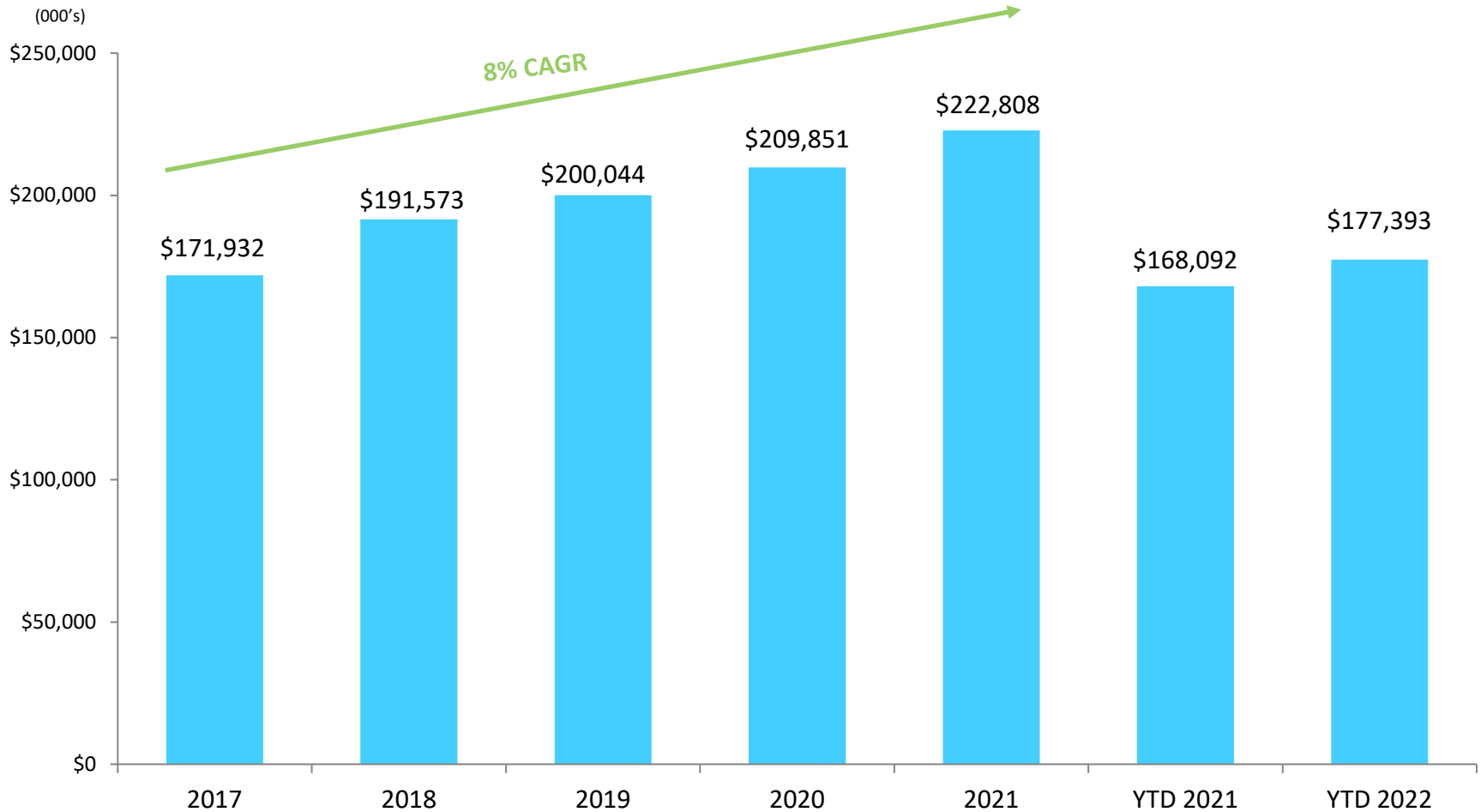
Growth in Fee Generating Lines of Business is Offset by Market Driven Volatile Activity



2022 YOY Decrease (10%)

# Total Revenue

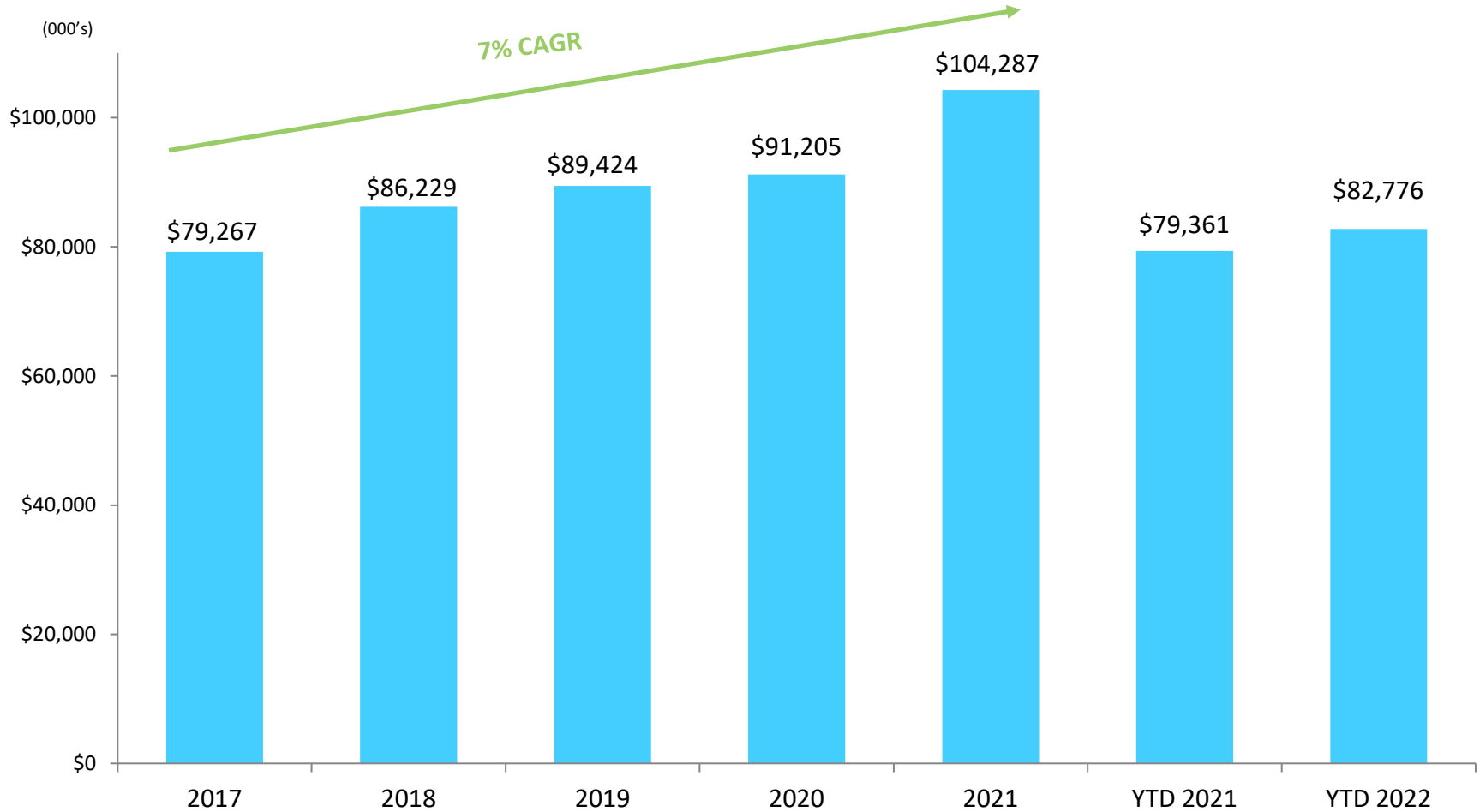
Revenue Growth Benefited by Core Loan Growth and Rising Rates



2022 YOY Increase 6%

# Non-Interest Expense

Disciplined Operating Expense Management

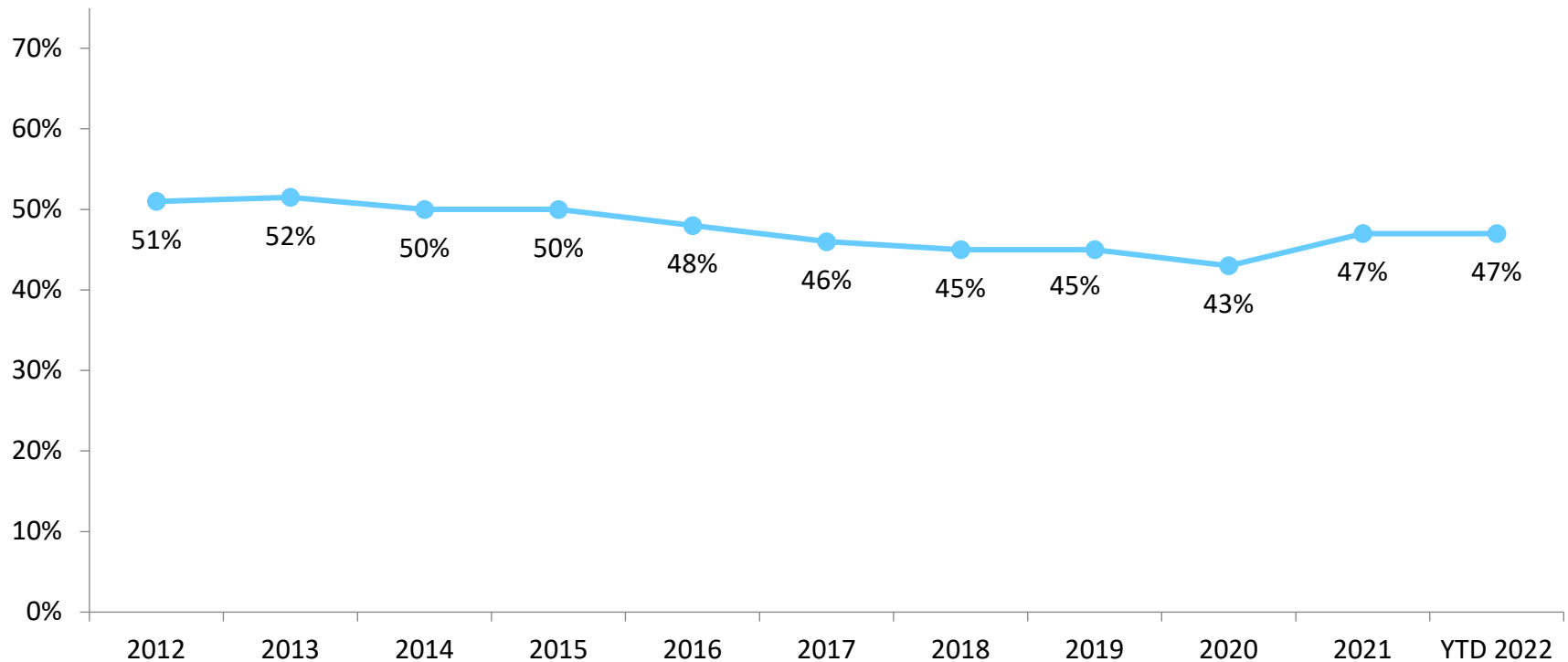


2022 YOY Increase 4%

# Efficiency Ratio

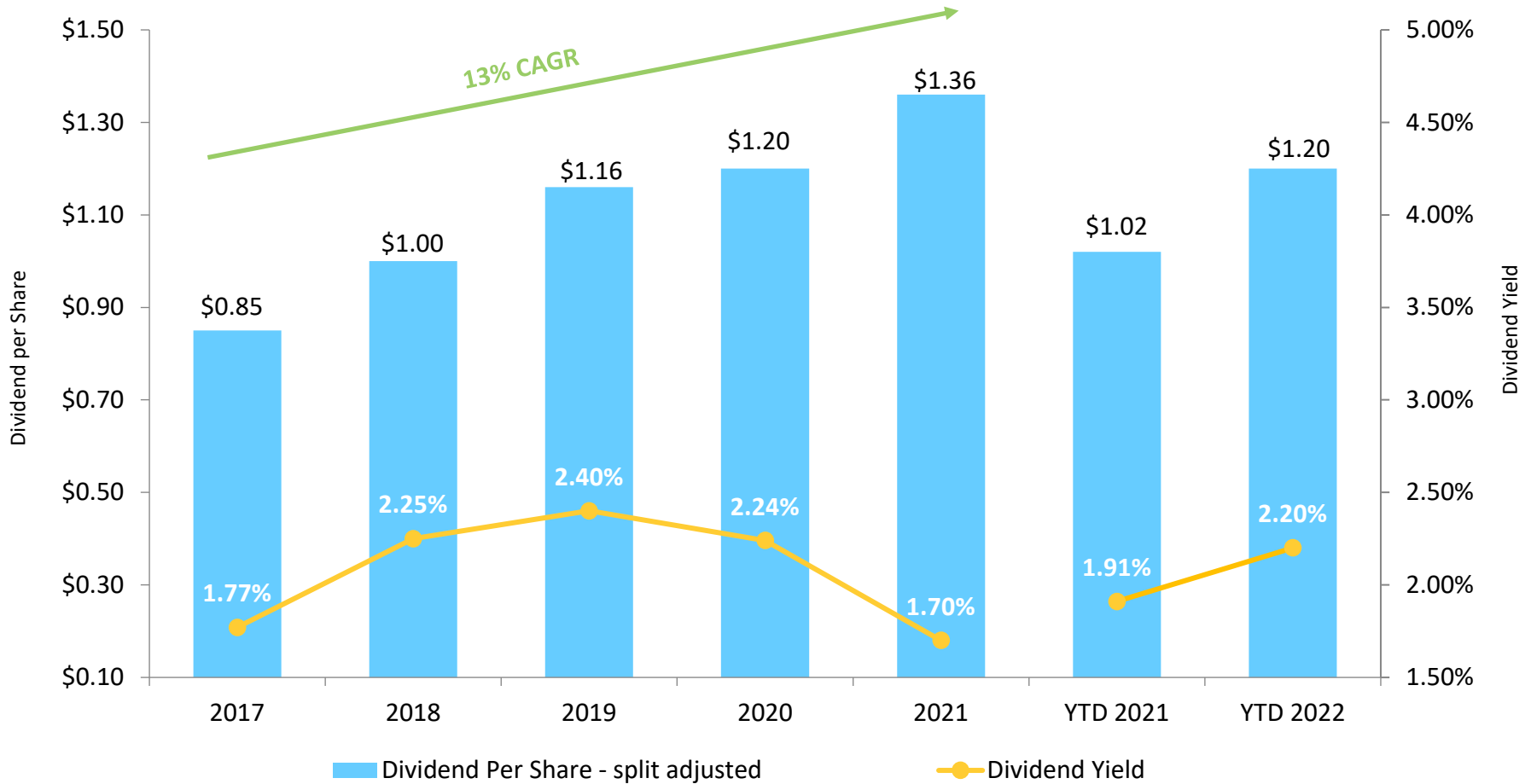
Revenue Growth Outpaces Expense Growth

Constant investment in technology and facilities



# Stable Healthy Dividend

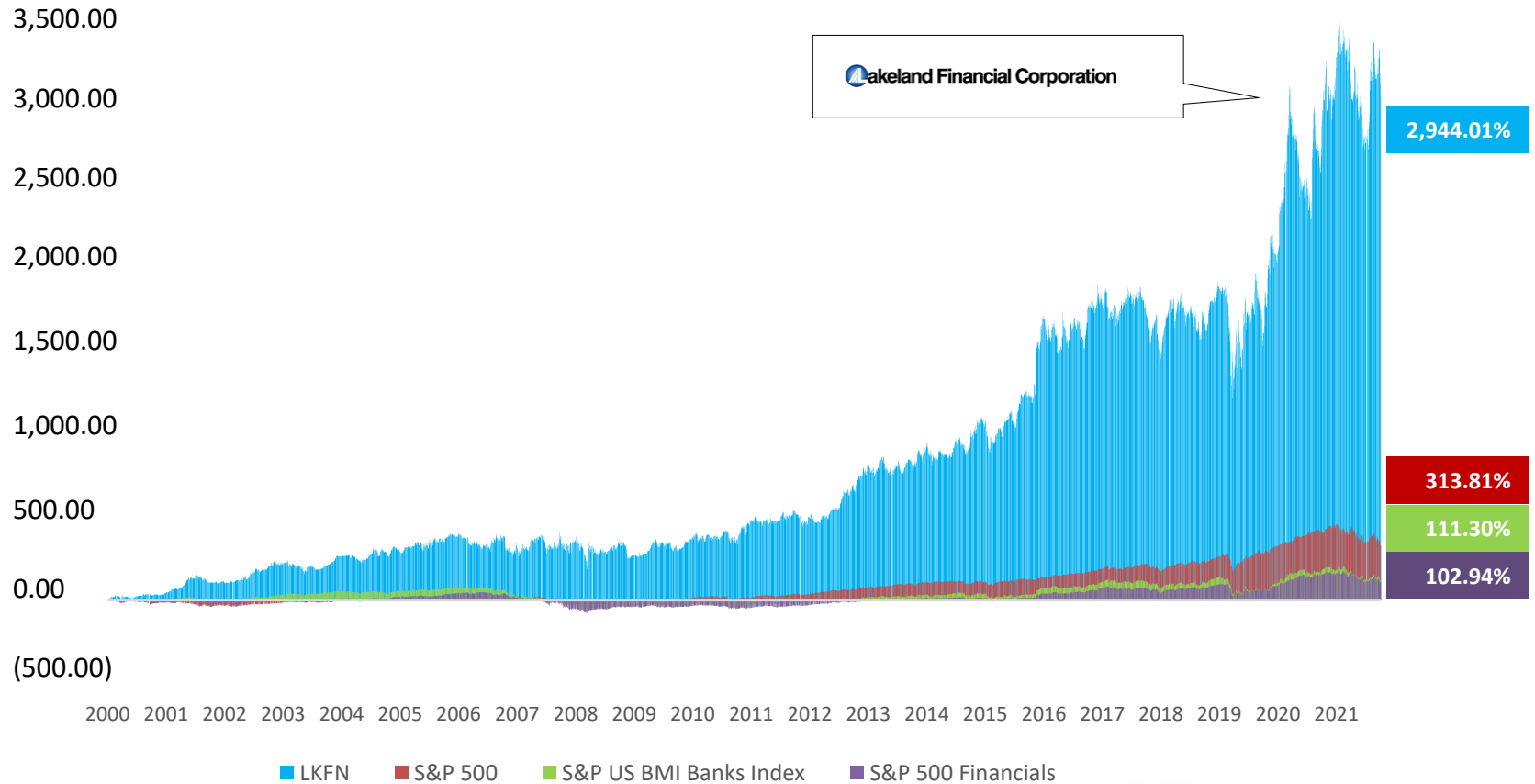
Growth in Dividend Reflects Strength of Capital



2022 Growth 18%

# LKFN Shareholder Value

Total Return Performance from 12/31/00 to 9/30/22



# Investment Highlights

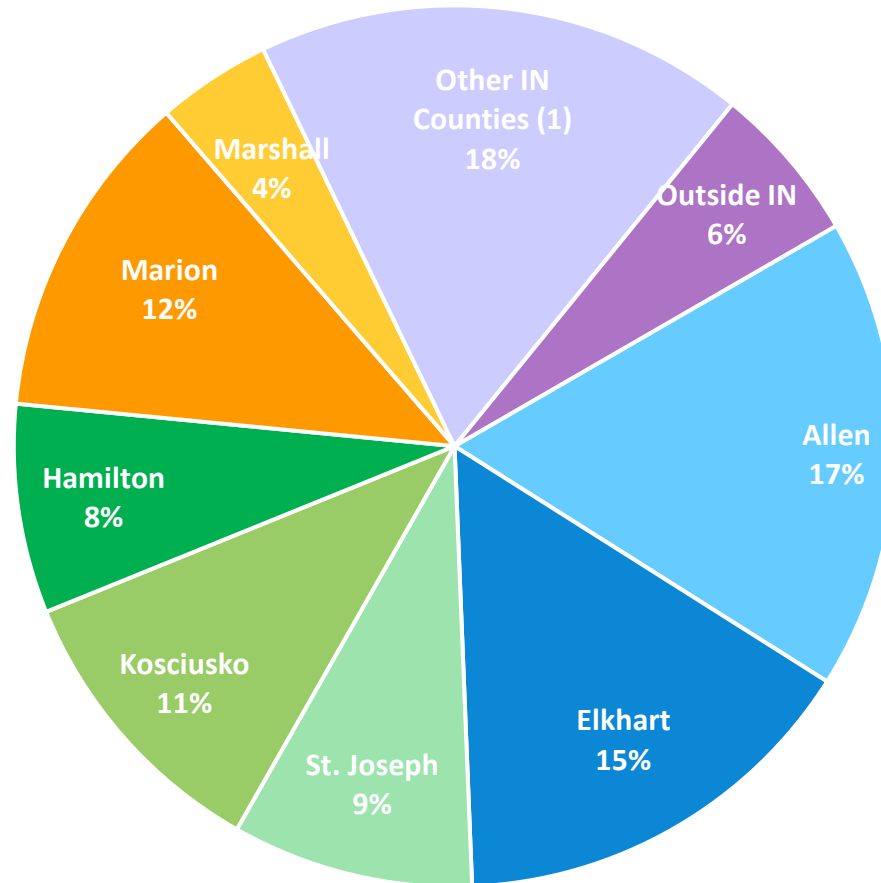
- Proven History of Organic Growth
- Disciplined and Focused Strategy
- Strong Internal Culture
- Consistent Execution
- Service Excellence Drives Shareholder Value

# Supplemental Information



# Commercial Loans by County

Commercial Customers in 46 Indiana Counties and 22 Other States



Commercial Loans  
Outstanding as of  
9/30/2022  
\$4.0 billion

September 30, 2022  
(000's)

(1) All other counties individually represent less than 0.5% 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)<sup>1</sup>

|  | 2022            |               | 2012            |               |                 | 2022<br># of<br>Offices |
|--|-----------------|---------------|-----------------|---------------|-----------------|-------------------------|
|  | <u>Deposits</u> | <u>Share</u>  | <u>Deposits</u> | <u>Share</u>  | <u>Increase</u> |                         |
| 1. 1 <sup>st</sup> Source              | \$5,051         | 18.67%        | \$2,550         | 14.77%        | 98.08%          | 53                      |
| <b>2. Lake City Bank</b>               | <b>\$4,978</b>  | <b>18.40%</b> | <b>\$2,469</b>  | <b>14.30%</b> | <b>101.62%</b>  | <b>52</b>               |
| 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 <sup>(2)</sup> | \$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                       |
| <b>Market Total</b>                    | <b>\$27,058</b> |               | <b>\$17,264</b> |               | <b>56.73%</b>   |                         |

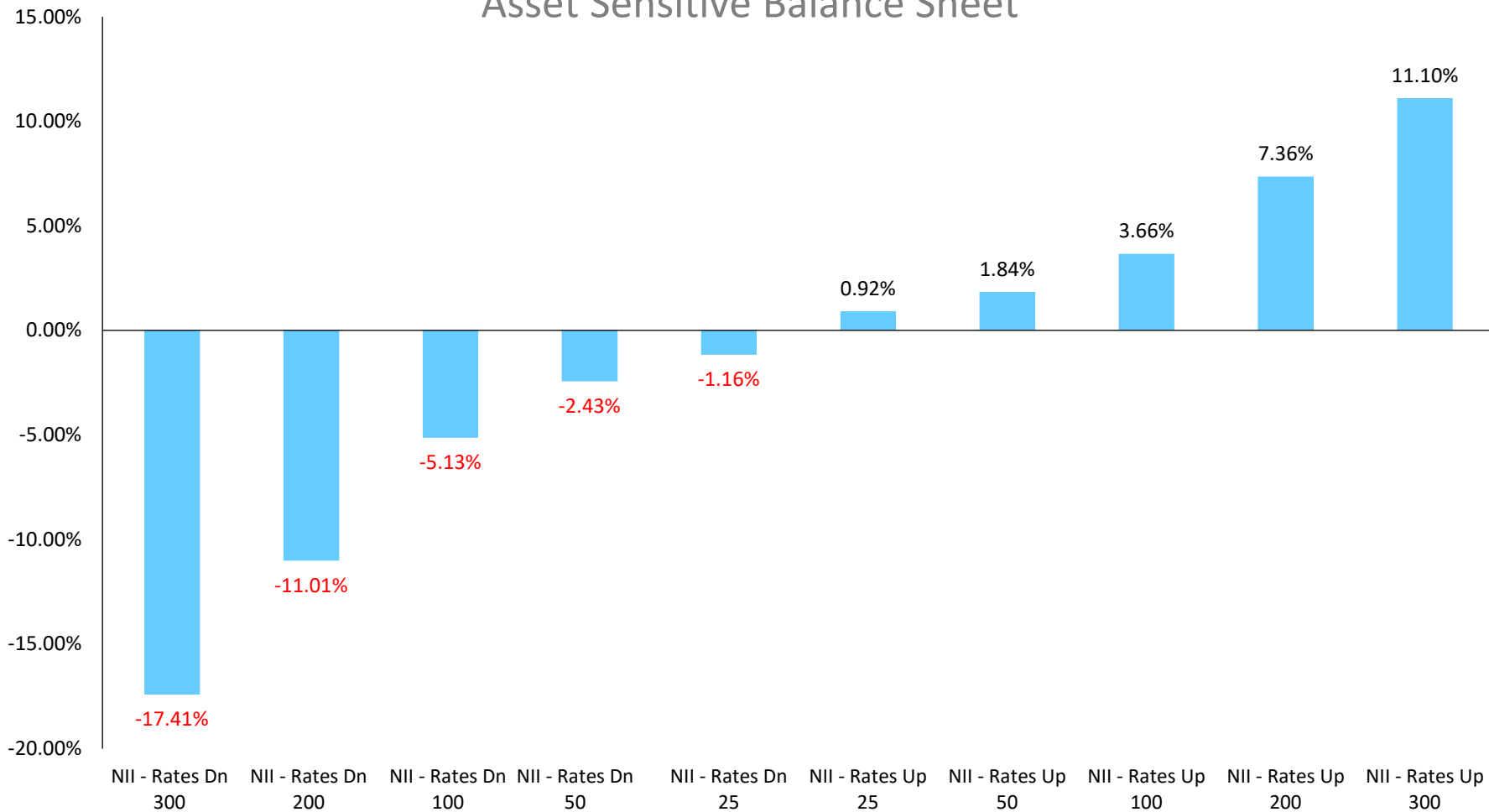
<sup>1</sup>Mature Markets includes 12 Northern Indiana counties and excludes 3 Central Indiana counties

<sup>2</sup>Flagstar purchased Wells Fargo Indiana branches in 2018

Adjusted to include branches subsequently acquired by surviving banks. Data based on June 30<sup>th</sup> 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 September 30, 2022 using parallel shocks



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