

Investor Update

November 2013

**A Proven History of
Shareholder Value Creation
Driven by Service Excellence**

Forward-Looking Information

This presentation contains, and future oral and written statements of the Company and its management may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements are generally identifiable by the use of words such as “believe”, “expect”, “anticipate”, “estimate”, “could”, and other similar expressions. All statements in this presentation, including forward-looking statements, speak only as of today’s date, and the Company undertakes no obligation to update any statement in light of new information or future events.

A number of factors, many of which are beyond the ability of the Company to control or predict, could cause actual results to differ materially from those in its forward-looking statements. Additional information is included in the Company’s filings with the Securities and Exchange Commission.

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

Lake City Bank Today

- **Headquartered in Warsaw, Indiana**
- **45 branch offices**
- **502 FTEs**
- **\$3.0 billion banking assets**
- **\$1.0 billion trust assets**
- **Regional franchise**
- **Low market shares – high growth potential**

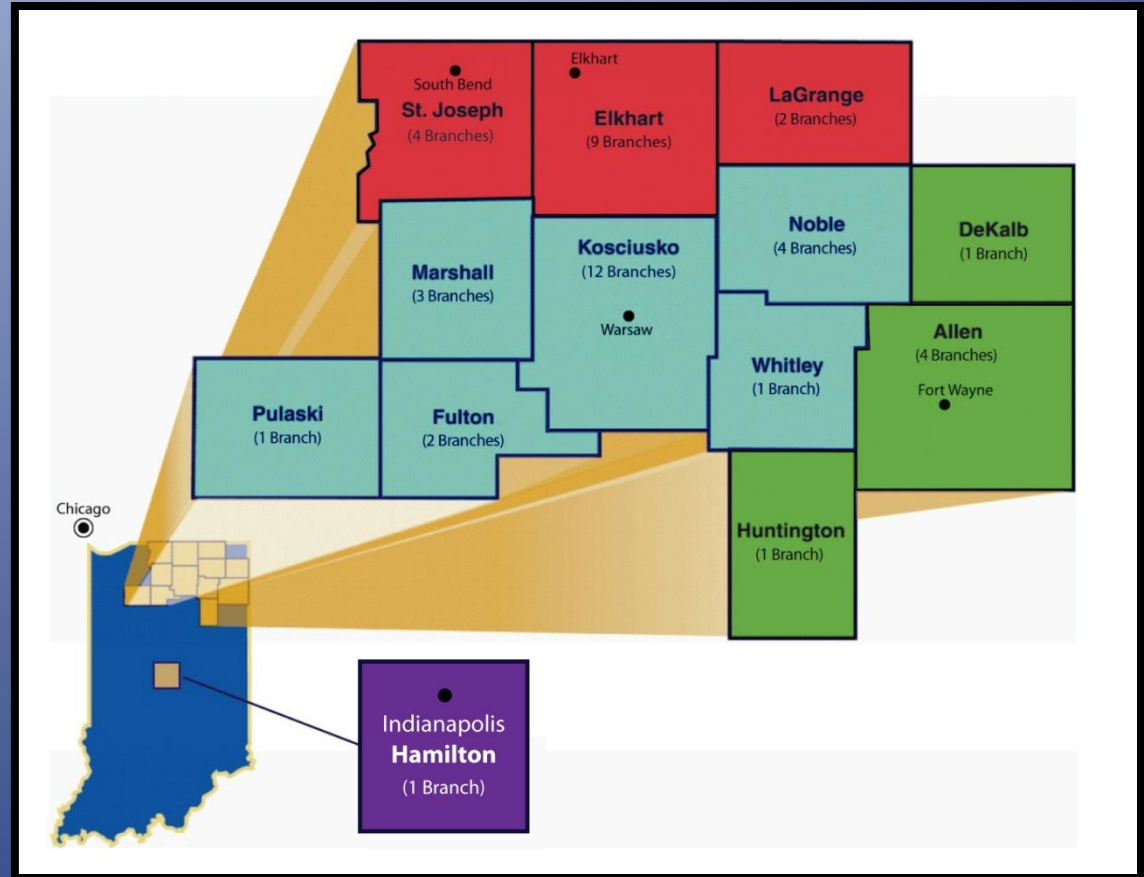


Established Market Presence

Organic Growth Potential in Existing and New Markets

Opening Date of First Office in Market

- **Warsaw – 1872**
- **Elkhart – 1990**
- **South Bend – 1997**
- **Fort Wayne – 1999**
- **Indianapolis – 2011**





Growth Strategy

Business Owner Focus

High Quality People

Larger Market Organic Expansion

Business Owner Focus

- **37 Commercial Banking Officers**
- **5 Commercial Loan Administrators**
- **Average 20 years experience in banking**
- **Average 10 years at Lake City Bank**

Business Owner Focus **Relationship Strategy**

- **Lead with Credit**
- **Understand Client Needs**
- **Cross-sell Aggressively by Leveraging Technology**

Business Owner Focus

Credit Process

- **Centralized/Committee Approvals**
- **Focus on Management/Cash Flow**
- **Collateral and Guarantees**
- **Orientation Toward Owner-Occupied and well structured Nonowner Occupied RE**
- **Be Responsive and Consistent**

Quality People Lake City Bank Culture

- **Core Values start with Honesty**
- **Lake City University Drives Education and Culture**
- **Community Involvement is “Real” and critical to our Strategy**
- **Our Culture has not been Diluted by Acquisition**
- **Leadership is key to culture and recent succession announcement will ensure smooth cultural transition**

Quality People Face to Face Contact

- We Love to Call
- Sales Calling Program Includes 107 Officers
- 16,146 “Real” Client Contacts in 2012
- Our People are the Competitive Advantage



Larger Market Organic Expansion

<u>State Rank</u>	<u>County</u>	<u>Primary City</u>	<u>Population*</u>	<u>LCB Entry</u>	<u>LCB Deposit Market Share**</u>	<u># of Branches</u>
20.	Kosciusko	Warsaw	77,609	1872	49%	12
6.	Elkhart	Elkhart	199,619	1990	20%	9
5.	St. Joseph	South Bend	266,344	1997	4%	4
3.	Allen	Fort Wayne	360,412	1999	10%	4
4.	Hamilton/Marion	Indianapolis	1,208,472	2011	0.27%	1

* Source: STATS Indiana

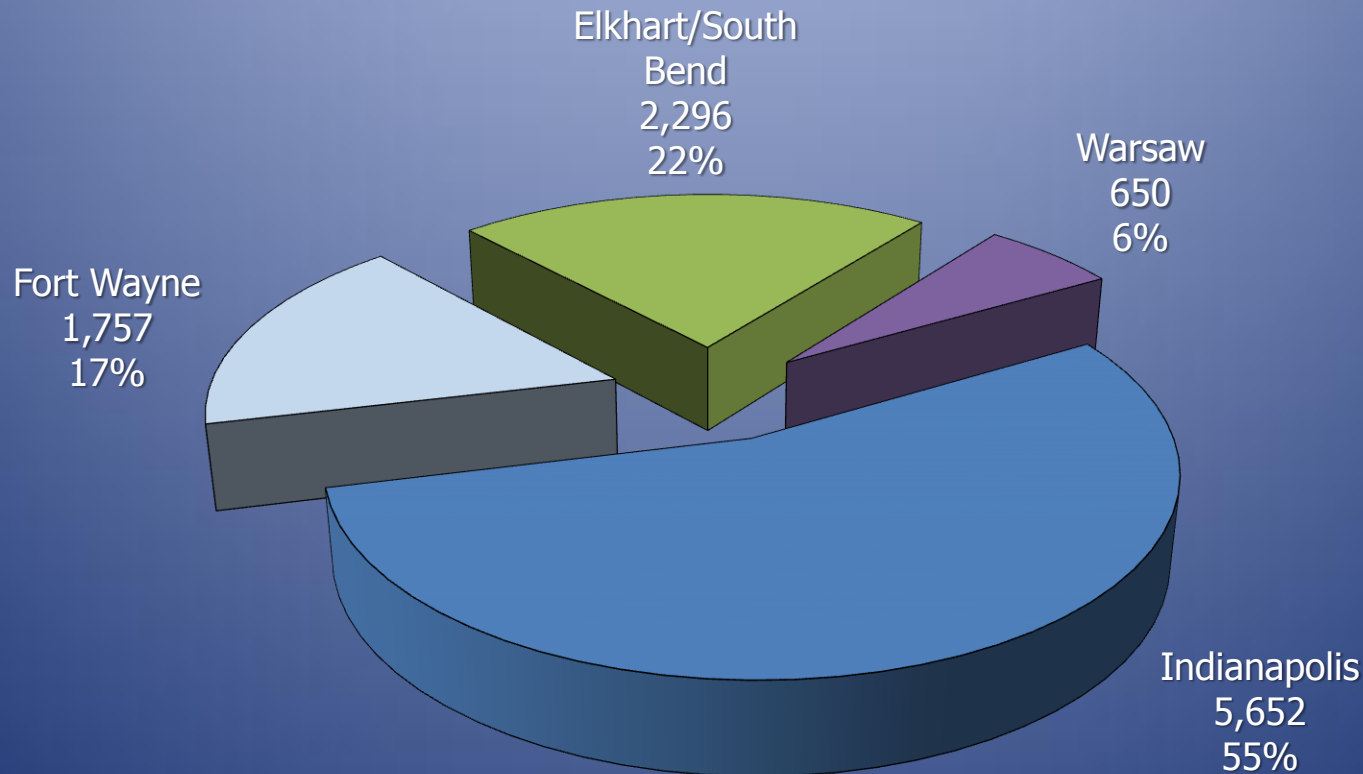
** Source: FDIC 6/30/13 Statistics



Larger Markets

Commercial Banking Market

Growth Potential in Every Market



Companies with Revenue
of \$1 to \$30 million

Larger Markets

Lake City Bank Market Area* Key Competitors

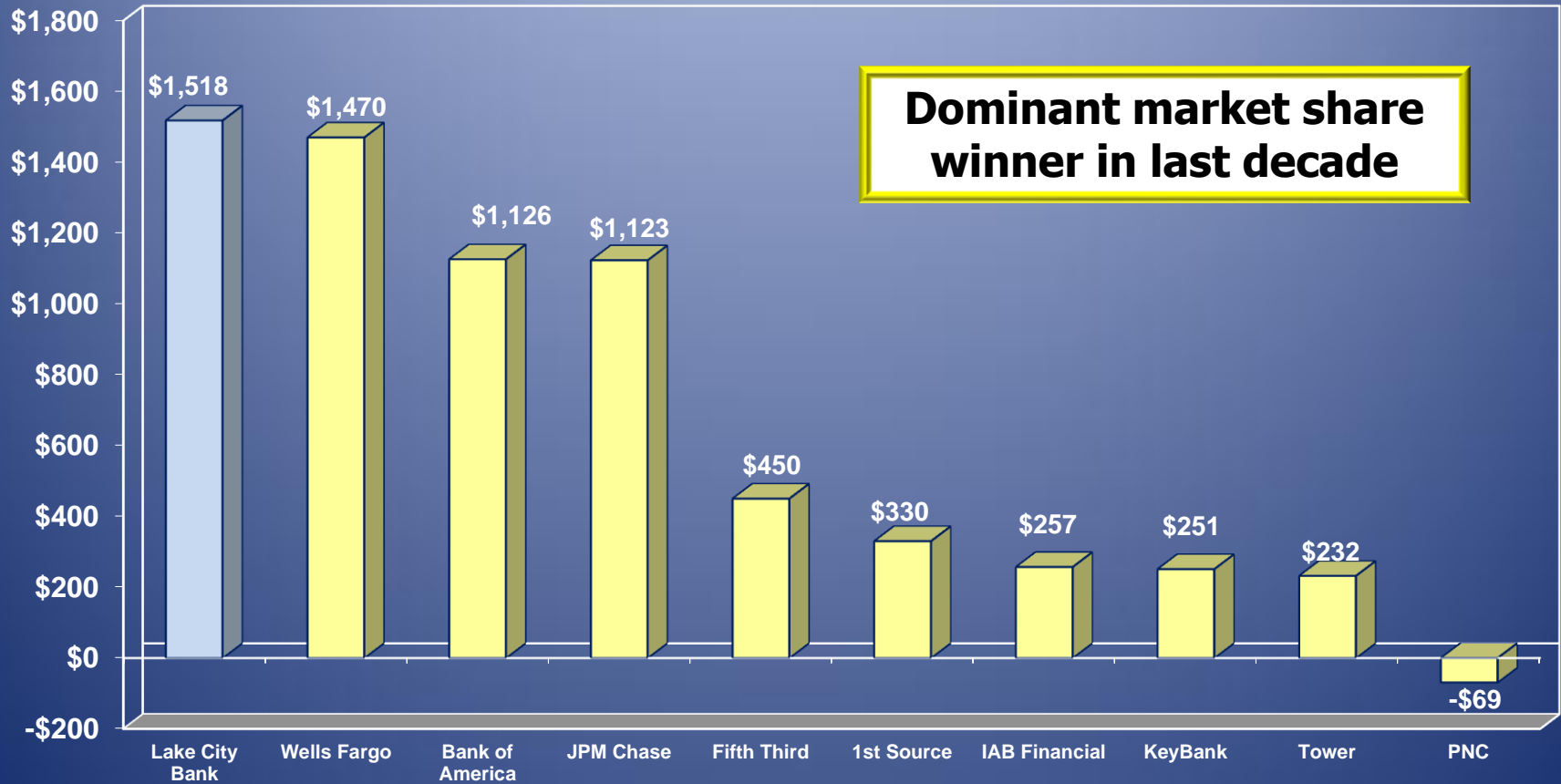
(millions)	2013		2003		Increase	# of Offices
	Deposits	Share	Deposits	Share		
1. JPM Chase	\$2,651	11.85%	\$1,528	12.51%	73.49%	46
2. 1 st Source	\$2,627	11.75%	\$2,297	15.73%	14.37%	49
3. Lake City Bank	\$2,485	11.11%	\$967	6.62%	156.98%	47
4. Wells Fargo	\$2,467	11.03%	\$997	6.82%	147.44%	27
5. PNC	\$1,544	7.35%	\$1,613	11.04%	(4.28)%	45
6. Bank of America	\$1,255	5.61%	\$129	0.88%	872.87%	4
7. KeyBank	\$1,218	5.45%	\$967	5.62%	25.96%	30
8. Fifth Third	\$759	3.39%	\$309	2.12%	145.63%	19
9. IAB Financial Bank	\$585	2.62%	\$328	2.25%	78.35%	16
10. Tower	\$582	2.60%	\$350	2.40%	66.29%	7
Market Total:	\$22,360		\$14,606		53.09%	

*Includes the counties of Kosciusko, Elkhart, St. Joseph, Marshall, Allen, Whitley, Hamilton, Huntington, LaGrange, Noble, DeKalb, Fulton and Pulaski

**Adjusted to include branches subsequently acquired by surviving banks

Larger Markets

Market Area Deposit Performance



2013 vs. 2003

*Includes the counties of Kosciusko, Elkhart, St. Joseph, Marshall, Allen, Whitley, Hamilton, Huntington, LaGrange, Noble, DeKalb, Fulton and Pulaski

**Adjusted to include branches subsequently acquired by surviving banks

Larger Markets

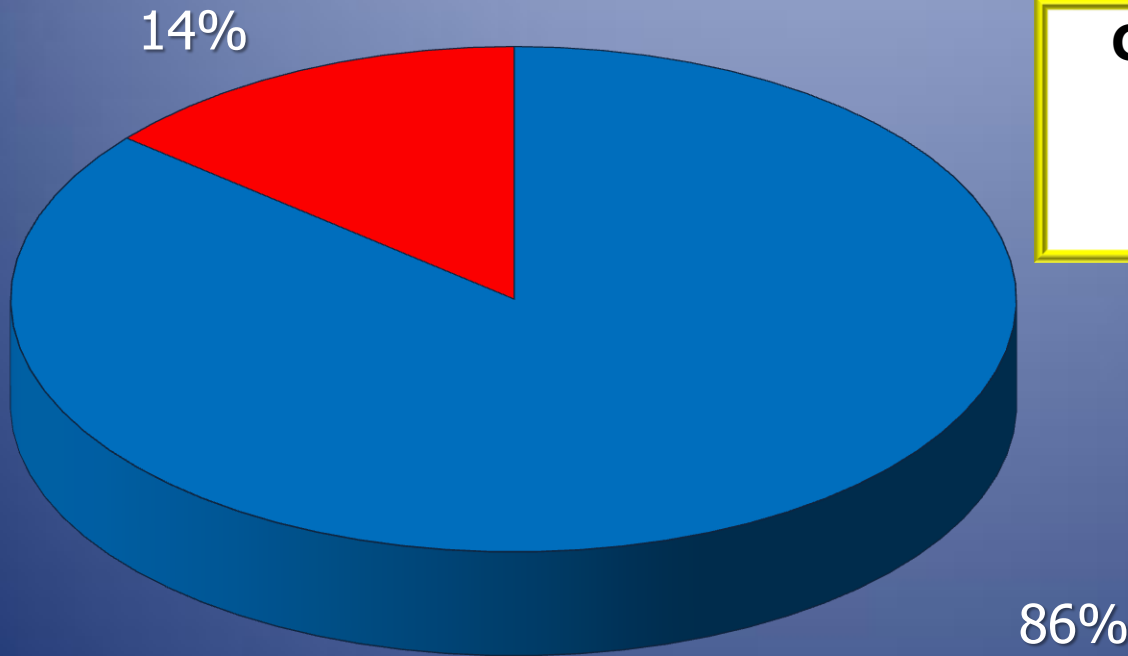
Indianapolis Market Area*

Key Competitors

(millions)	2013		2003		Increase
	Deposits	Share	Deposits	Share	
1. JPM Chase	\$7,877	27.98%	\$5,203	28.59%	51.39%
2. PNC	\$6,069	21.56%	\$4,482	24.63%	35.41%
3. Fifth Third	\$3,128	11.11%	\$1,427	7.84%	119.20%
4. Huntington National	\$2,498	8.87%	\$2,776	15.26%	(10.01)%
5. BMO Harris	\$1,711	6.08%	\$1,418	7.79%	20.66%
6. KeyBank	\$1,349	4.79%	\$264	1.45%	410.98%
7. National Bank of Indy	\$1,271	4.51%	\$598	3.29%	112.54%
8. Regions Bank	\$1,185	4.21%	\$796	4.37%	48.87%
9. Merchants Bank of IN	\$671	2.38%	\$0	n/a	n/a
10. First Internet Bank of IN	\$564	2.00%	\$267	1.47%	111.24%
Market Total:	\$28,153		\$18,198		54.70%

Larger Markets

Indianapolis Market Deposit Concentrations



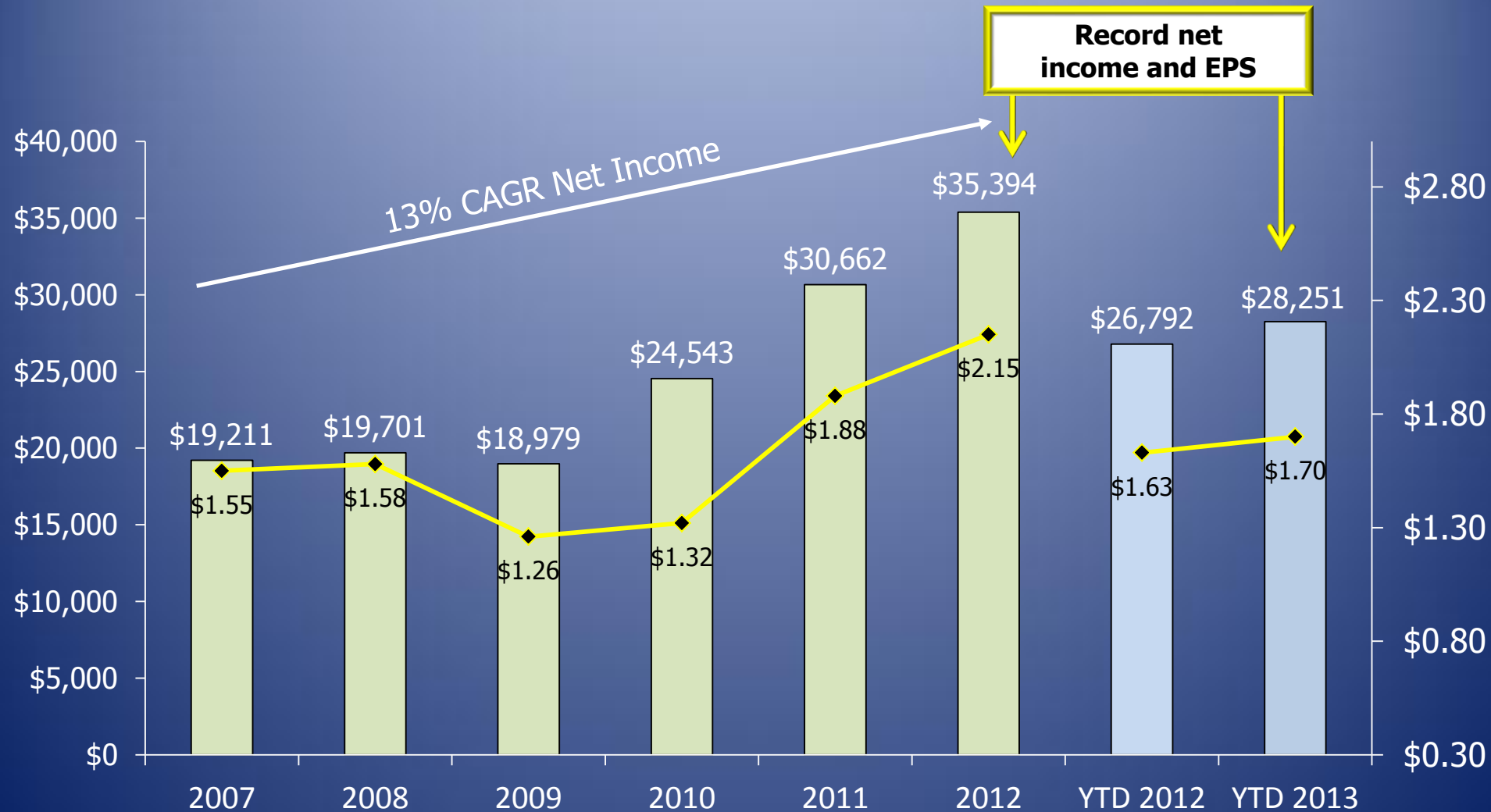
**Great opportunity for
Indiana focused
institutions to grab
market share**

■ Out of State ■ In State

*Marion and Hamilton Counties as of 6/30/13

Financial Performance

Net Income and EPS

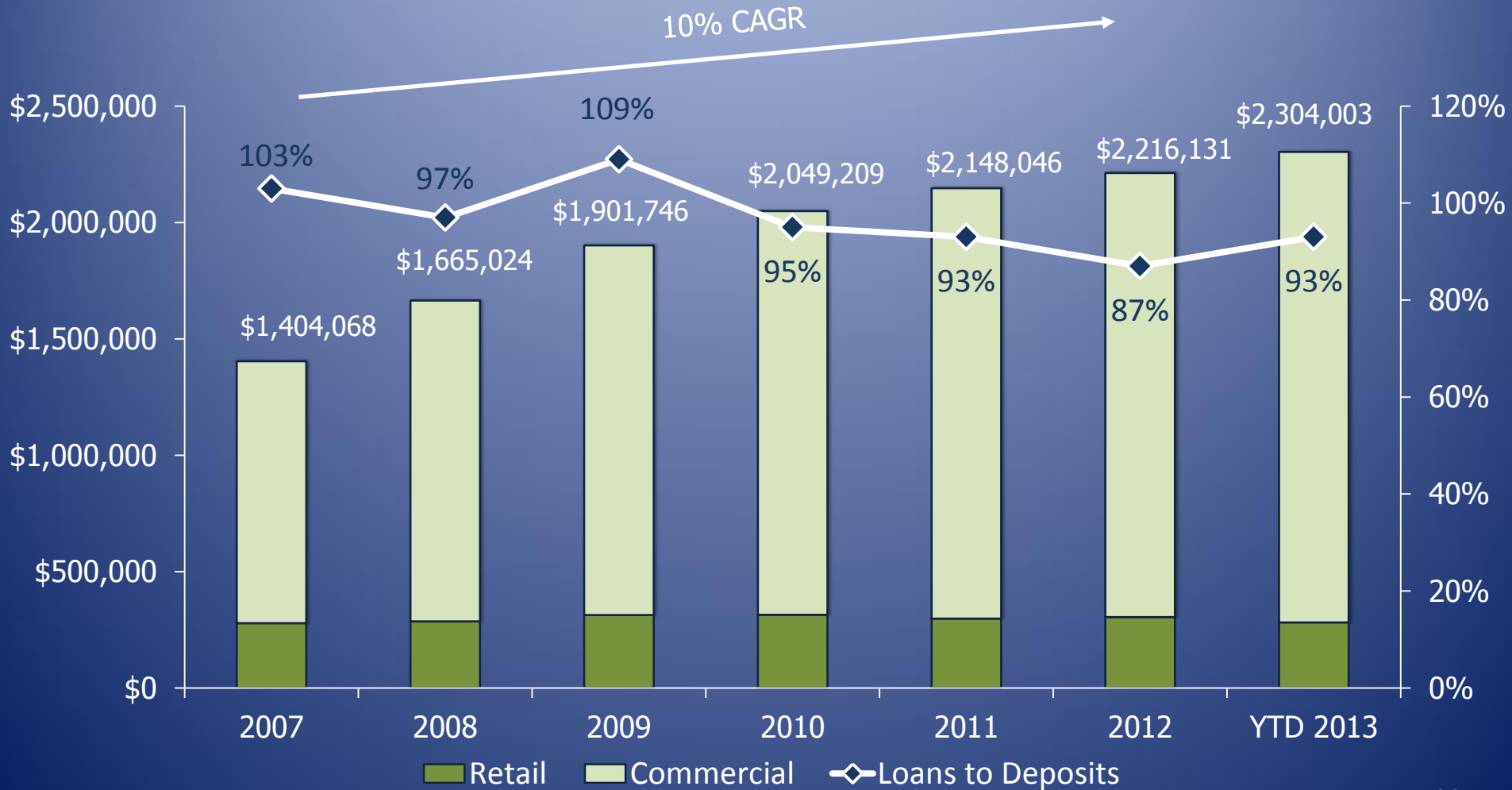


Net Income — Diluted EPS

2013 Net Income Growth 5%
2013 Diluted EPS Growth 4%

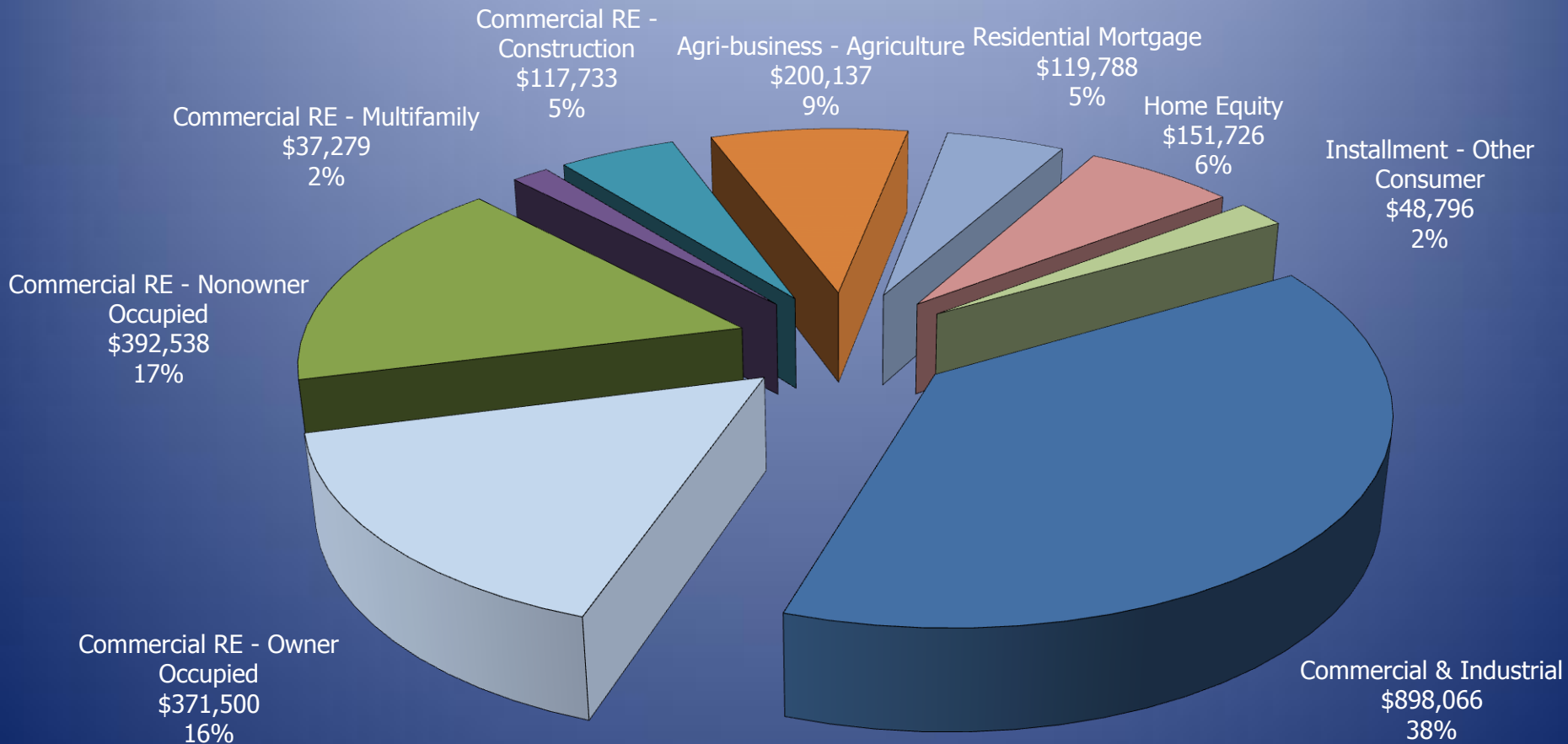
Average Loans

Commercial Emphasis Continues to Drive Growth



Loan Breakdown

C & I Drives Lending Business

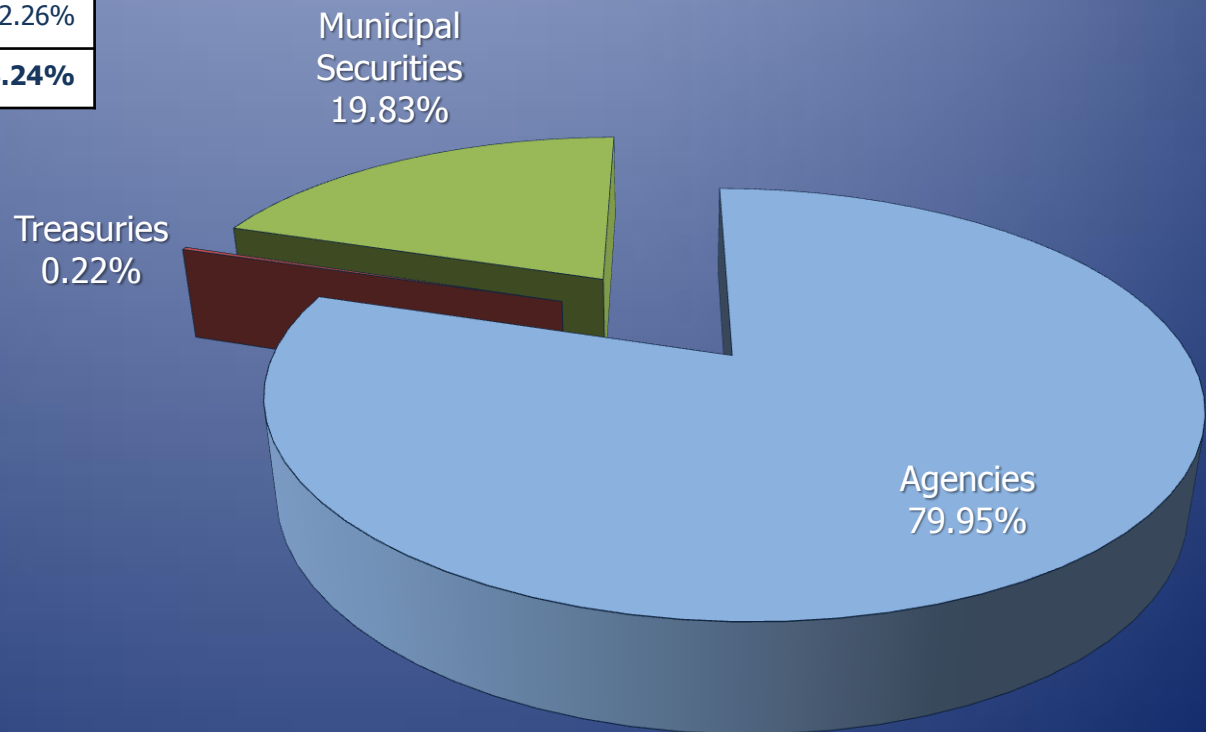


As of September 30, 2013

Investment Portfolio

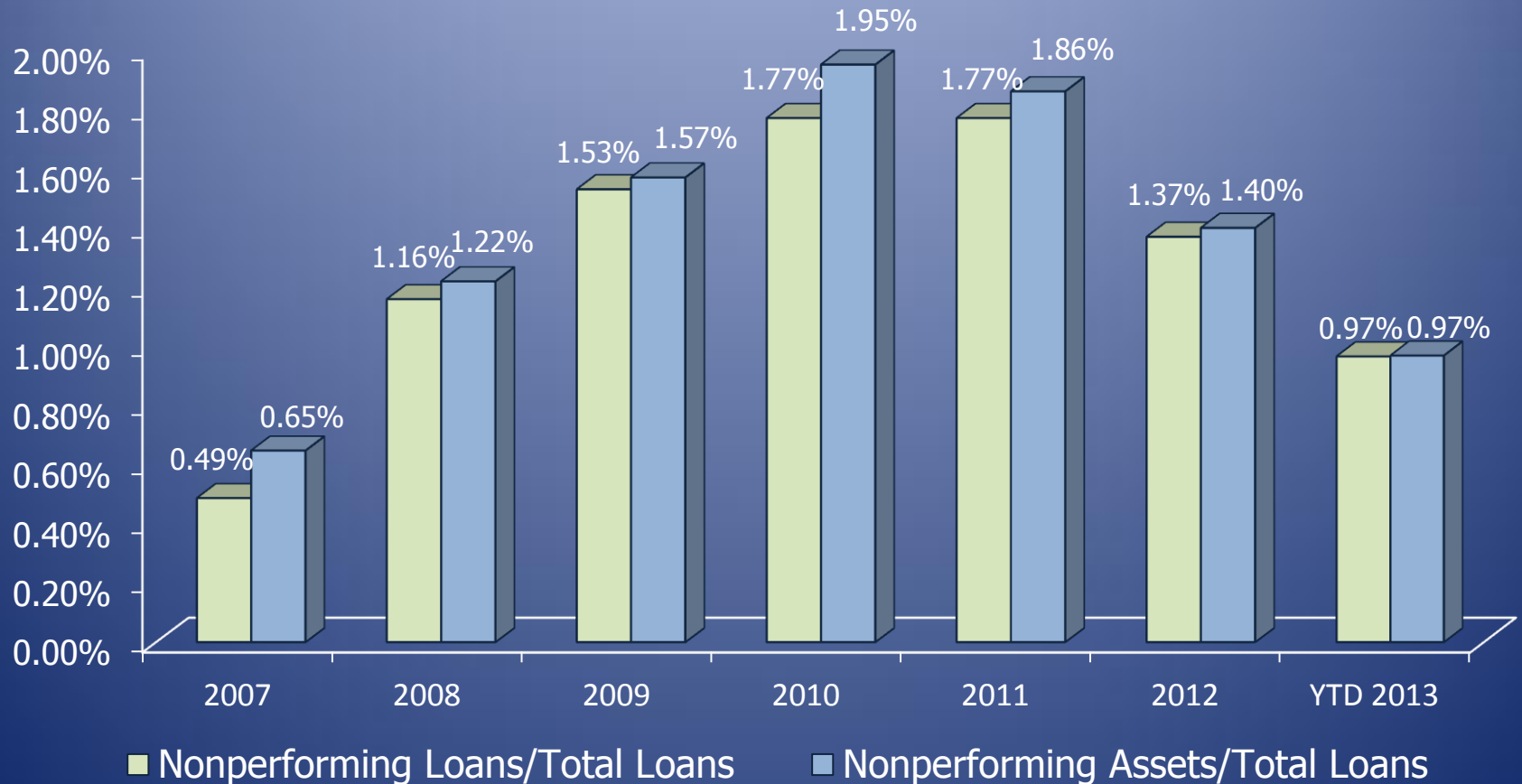
September 30, 2013

Security Type	Weighted Average Life	Tax Equivalent Yield
Agencies	4.42	2.71%
Municipal	5.72	5.38%
Treasuries	1.00	2.26%
Total	4.66	3.24%



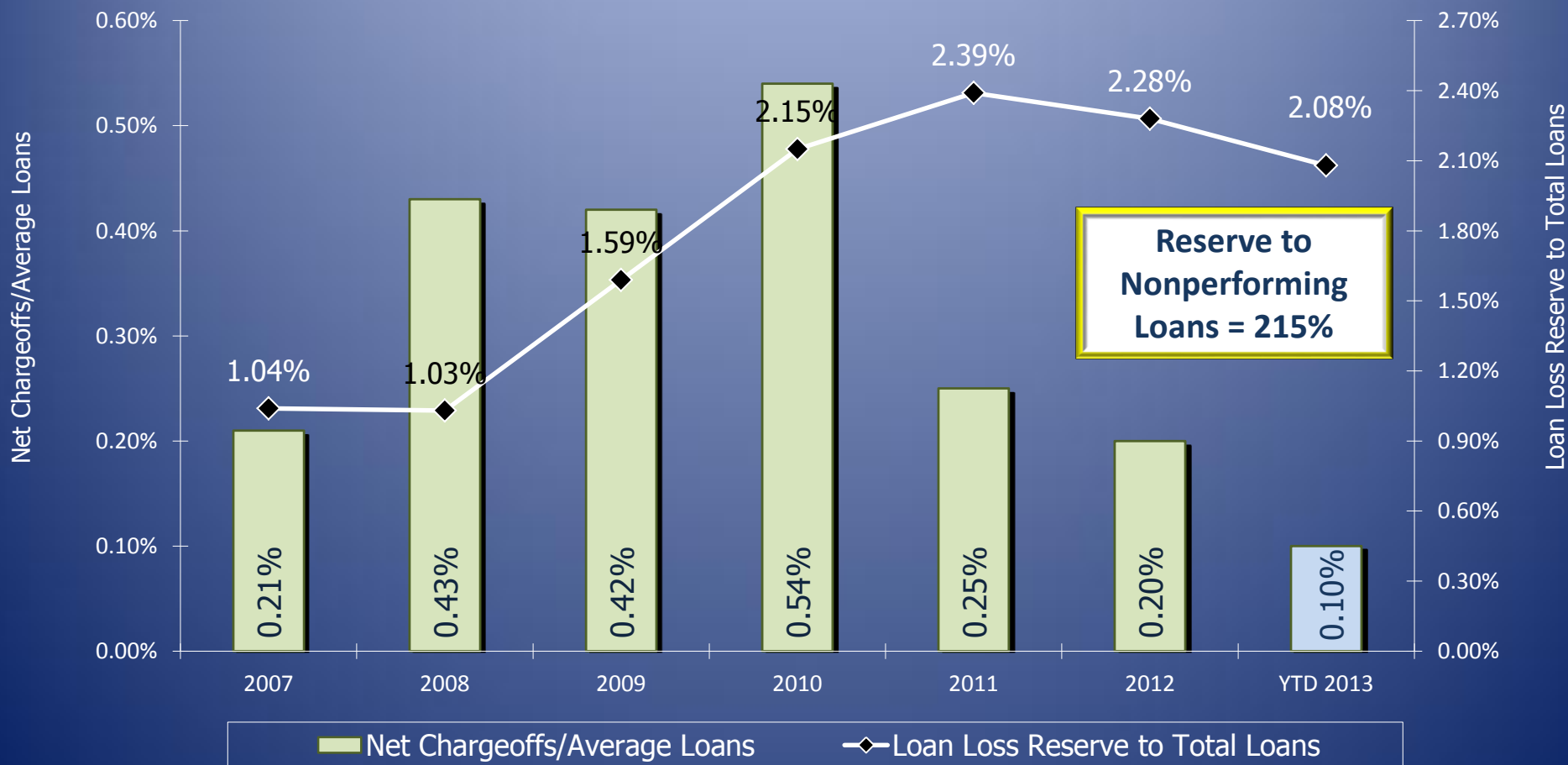
Asset Quality

Nonperforming Asset Levels Continue to Improve



Asset Quality

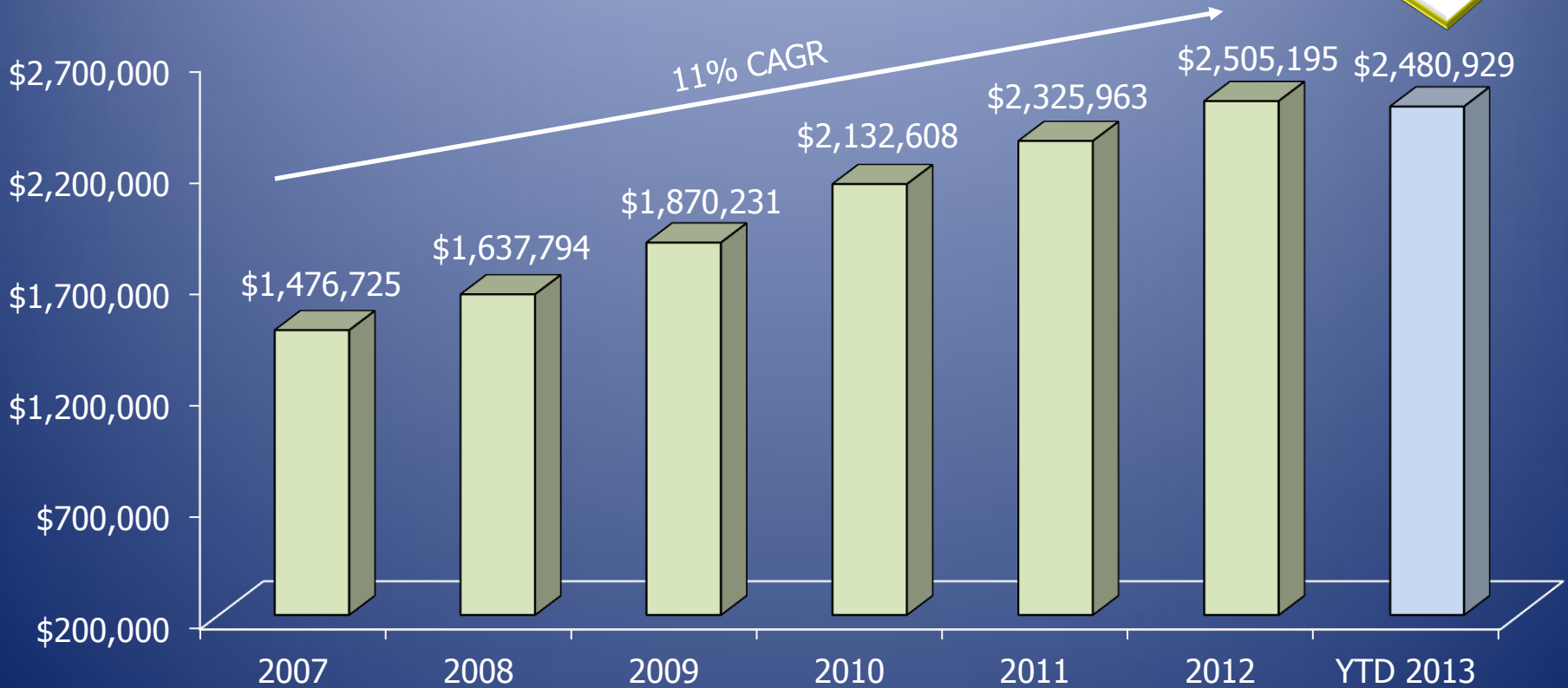
Strong Reserve Coverage



Average Deposits

Clients Drive Funding Mix

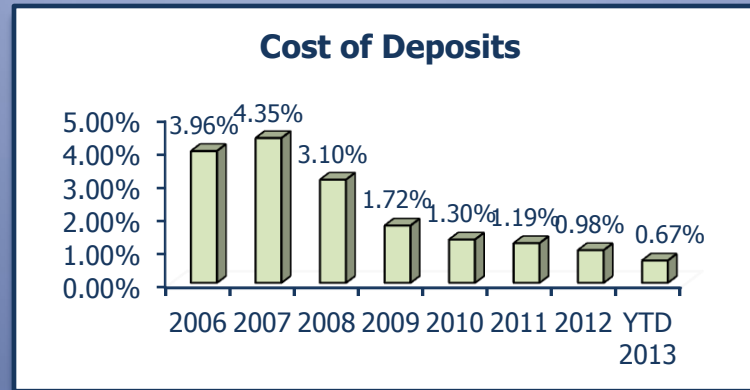
Deposits = 99% of Funding
vs. 87% in 2009



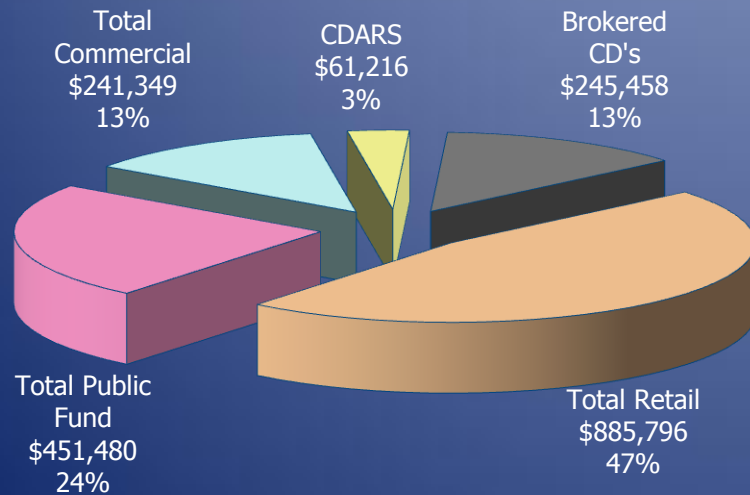
2013 YTD Growth (1)%

Deposit Breakdown

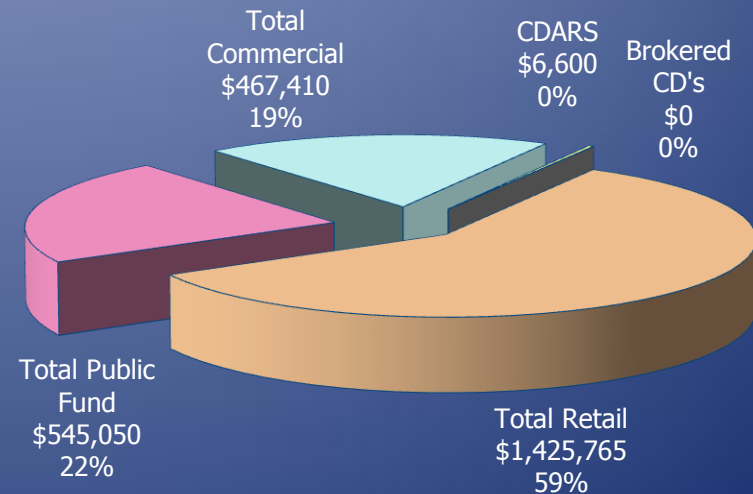
Retail Strategy Key to Deposit Growth



December 31, 2008

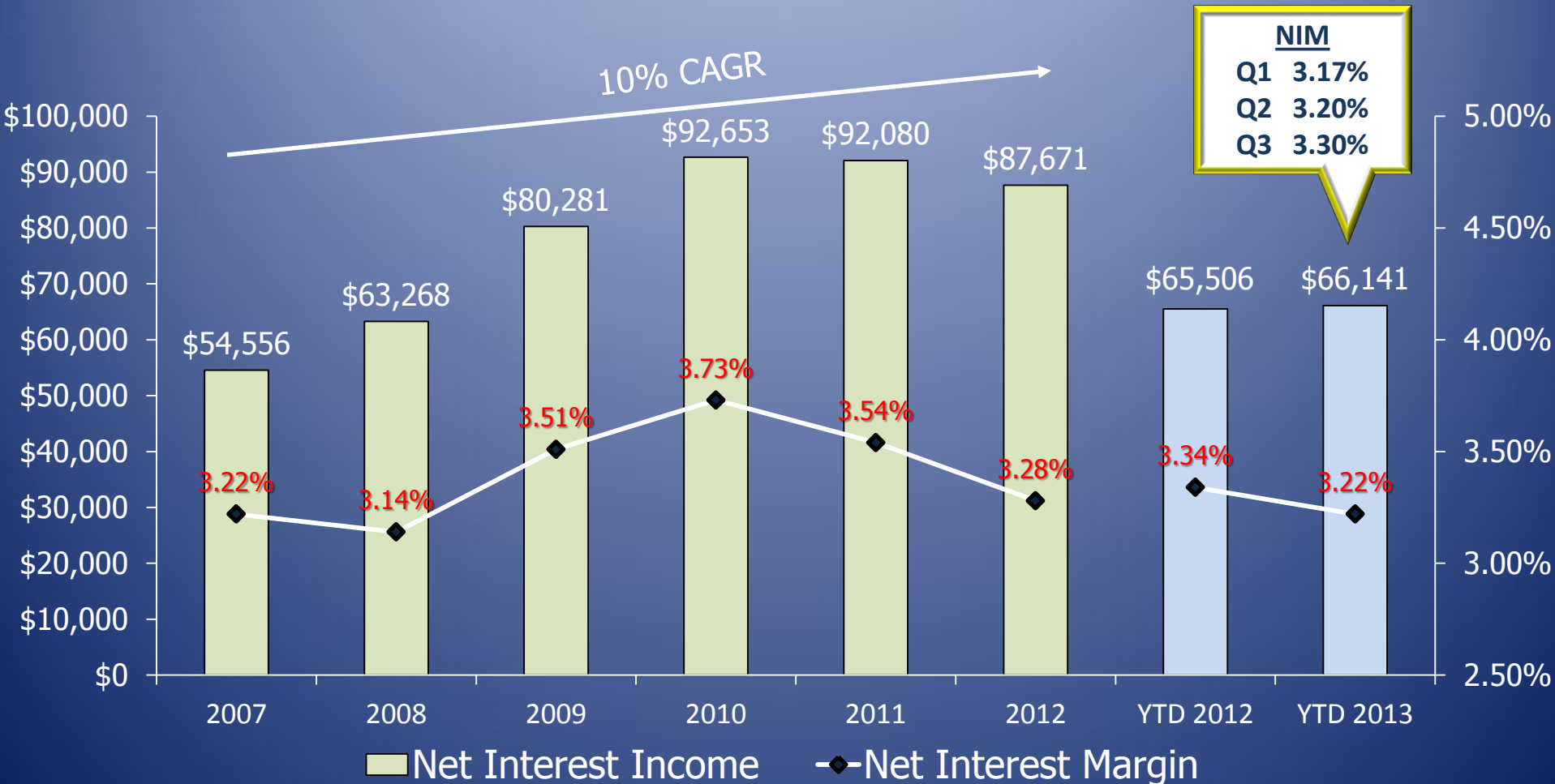


September 30, 2013



Net Interest Income

Margin Improved in 2013

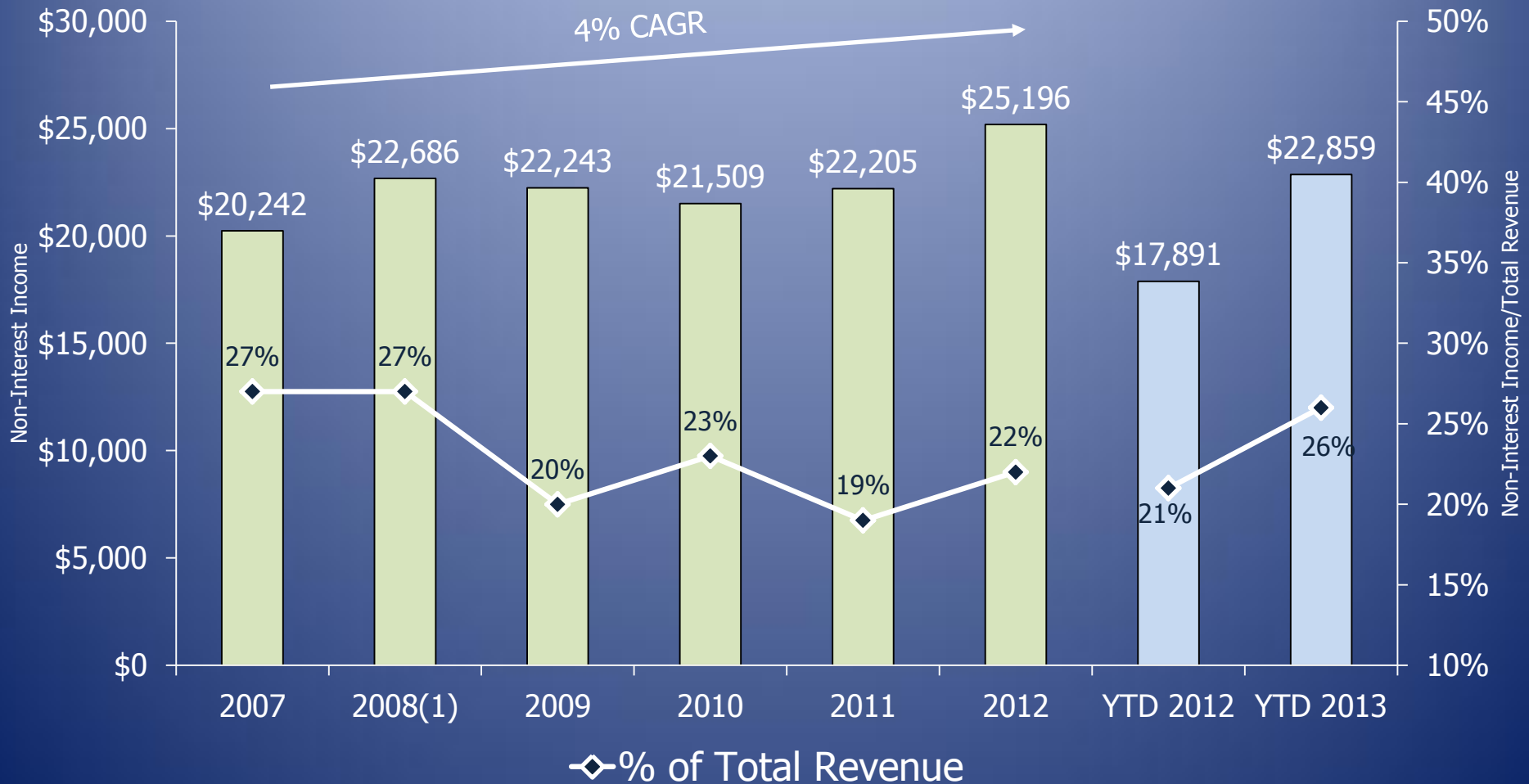


Impact of Rising Rates

- **89% of loan portfolio is commercial**
- **63% of commercial loans are variable rate – mostly Prime and LIBOR based**
 - **Floors with average rate of 3.82% exist on 56% of commercial variable rate loans**
- **37% of commercial loans are fixed rate with most less than 5 years**
- **Deposit rate increases should lag market actions absent aggressive loan growth**
- **Neutral balance sheet leans towards asset sensitivity**

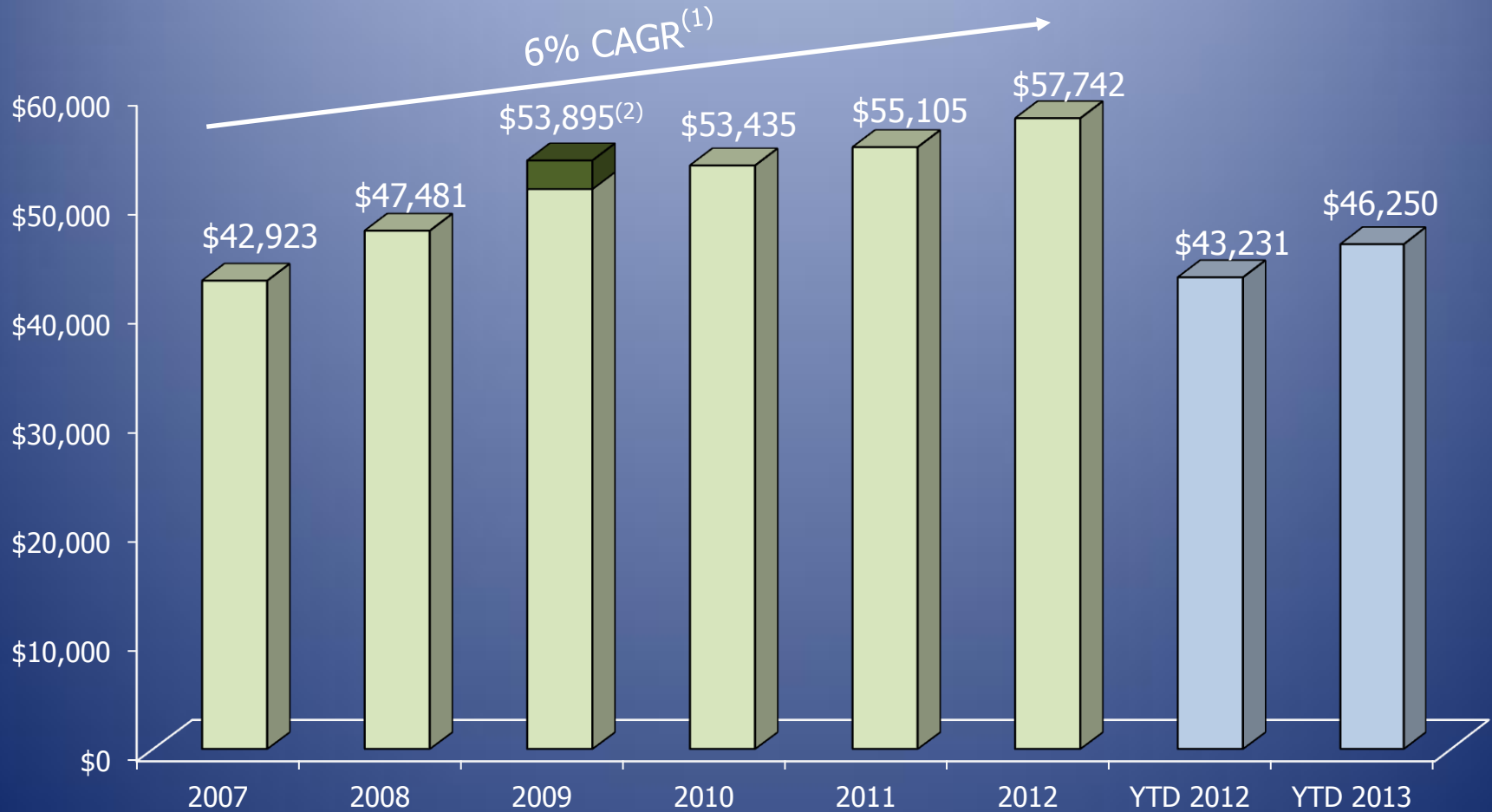
Non-Interest Income

Stable Fee-Based Strategy Drives Increases



Non-Interest Expense

Historical Focus on Cost Control is Part of Culture

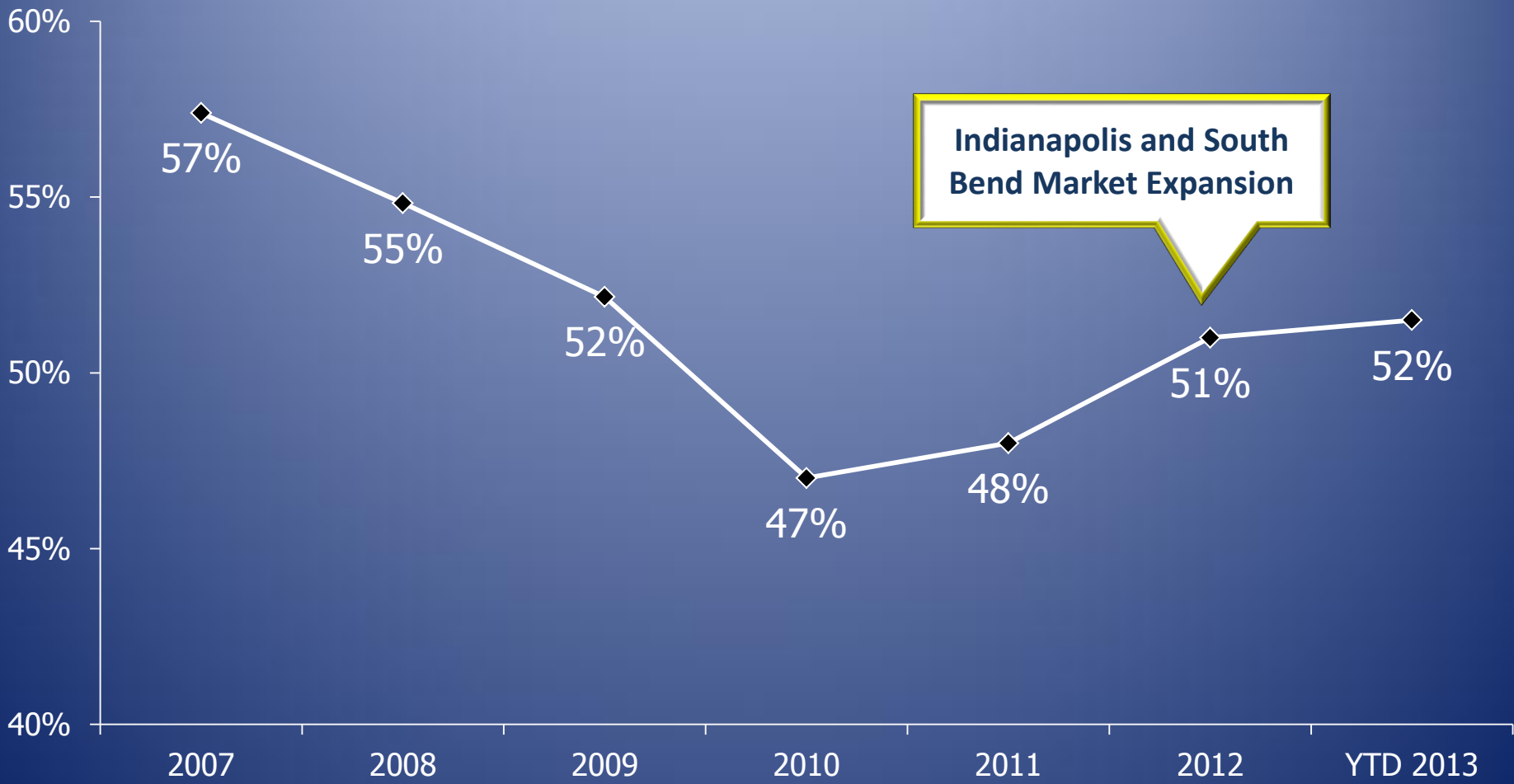


2013 YTD Growth 7%

(1) Excluding special FDIC assessment and temporary increase in 2009
(2) Includes FDIC special assessment of \$2,614

Efficiency Ratio

Leveraging Offices, People and Technology



Consistent and Healthy Dividend

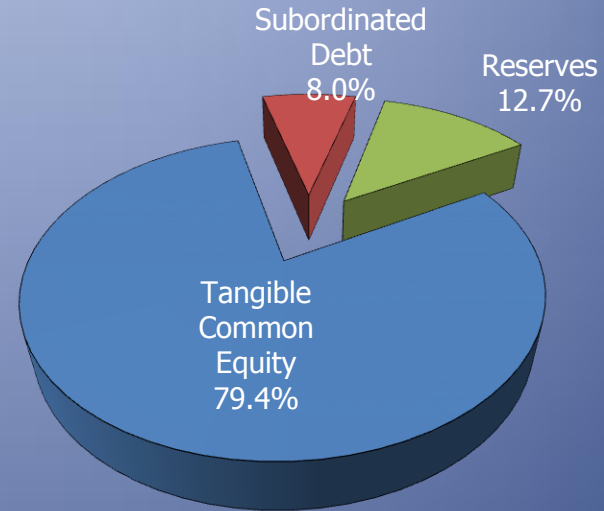


Note - Split Adjusted
- Paid Dividends

2013 Growth 12%

Strong Capital Structure

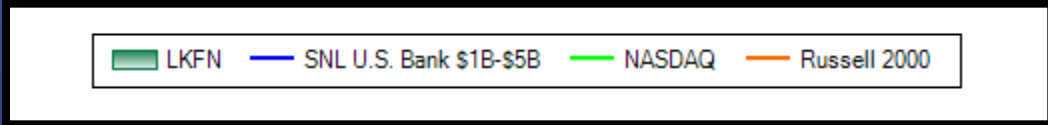
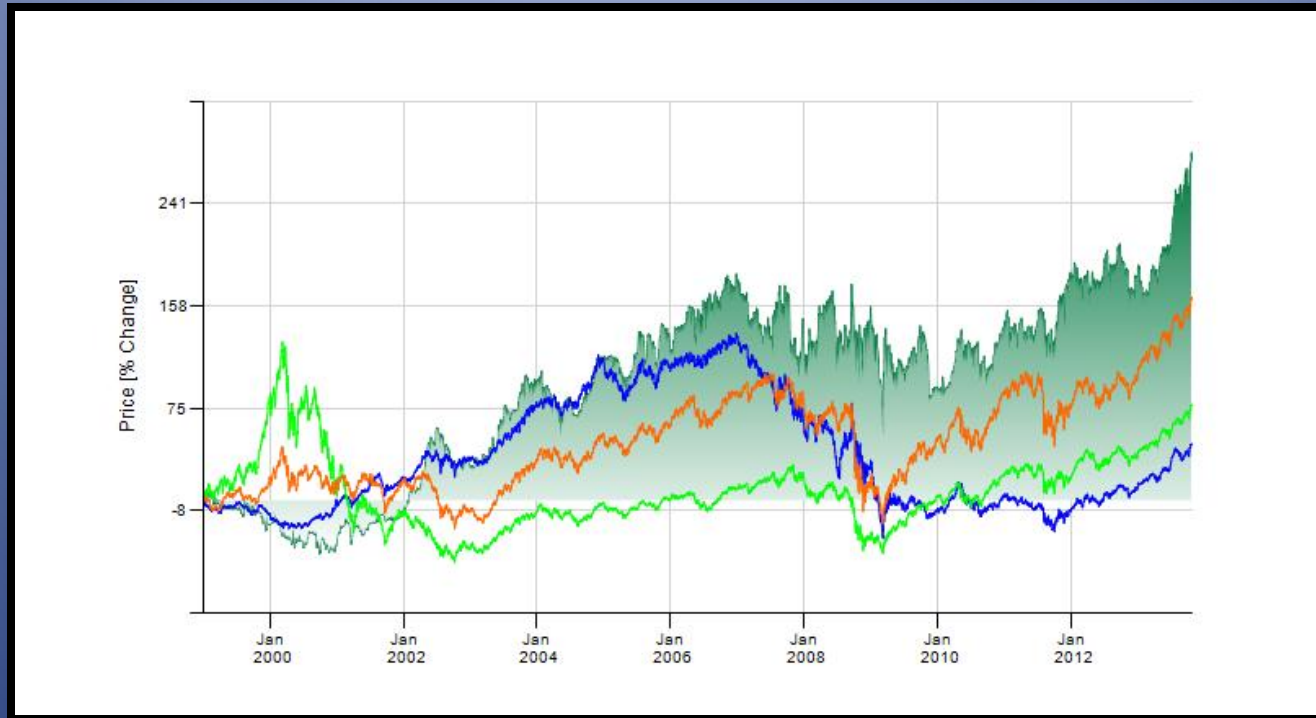
Key Ratios and Per Share Data As of September 30, 2013	
TCE /Tangible Assets	10.25%
Tier 1 Common Risk-Based	12.21%
Total Risk-Based	14.65%
Leverage	11.02%
Book Value	\$19.11
Tangible Book Value	\$18.93



Tangible Book Value Per Share



LKFN Performance



Investment Highlights

- **Proven History of Organic Growth**
- **Disciplined Strategy**
- **Strong Internal Culture**
- **Consistent Execution**
- **Service Excellence drives Shareholder Value**