



Investor Update

March 2013

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.

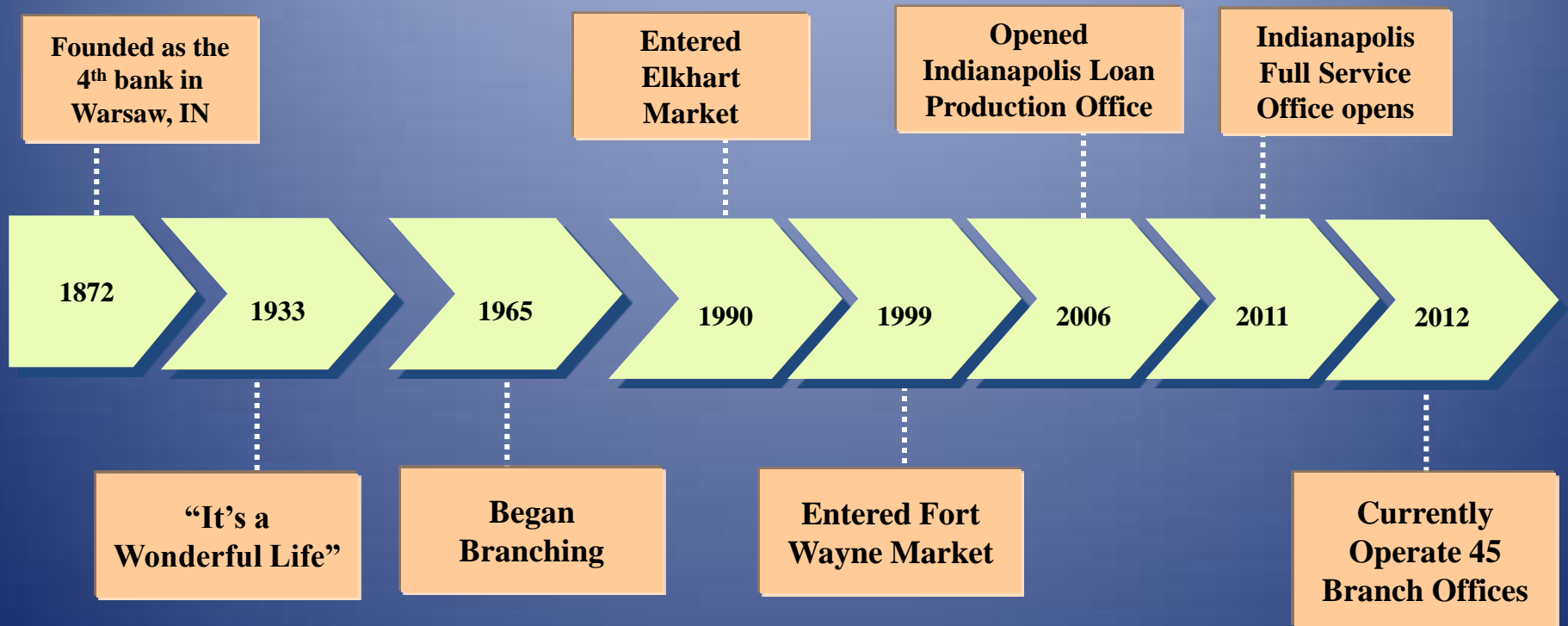
Factors that could have a material adverse effect on the Company’s financial condition, results of operations and future prospects can be found in the “Risk Factors” section of the prospectus included in the Registration Statement on Form S-1 filed on October 26, 2009, as amended under Item 1A “Risk 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**
- **493 FTEs**
- **\$3.0 billion banking assets**
- **\$900 million trust assets**
- **Regional franchise**
- **Low market shares – high growth potential**

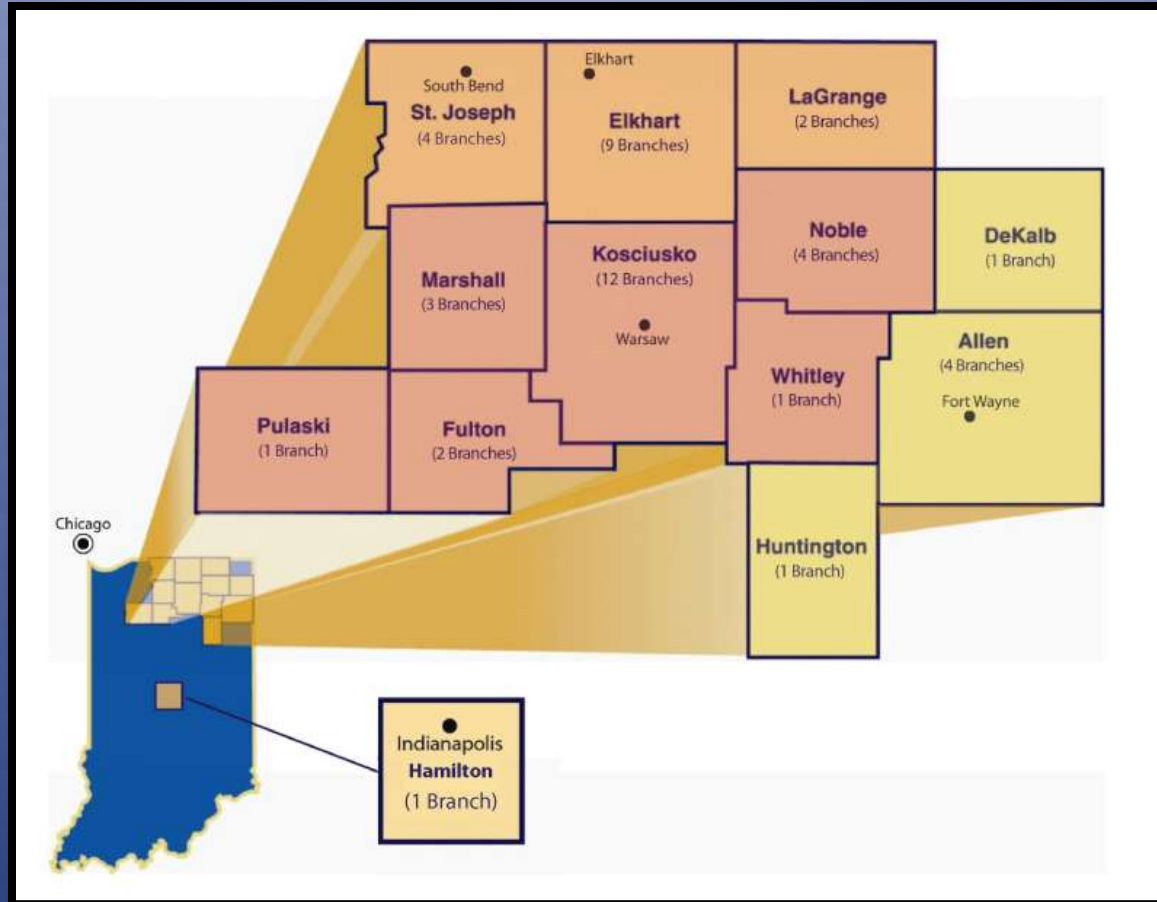


Historical Highlights



Diversified Market Area

13 Counties and 30 Communities



Growth Strategy

Business Owner Focus

High Quality People

Larger Market Organic Expansion

Business Owner Focus

- **35 Corporate Banking Officers**
- **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**
- **Want Clients, Not Borrowers**

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**
- **Prudent . . . but Responsive**

Quality People Lake City Bank Culture



Quality People

Commitment to Development

- Over 90 instructor-led courses, seminars, workshops and live webinars
- 17,000 Contact Hours
- Average 34 hours training per employee
- Over 3400 online courses completed through e-learning



Quality People Face to Face Contact

- **Over 107 Calling Officers**
- **16,146 Calls in 2012**
- **Establish our people as the competitive advantage**



Quality People

Community Involvement

- **Company-wide involvement**
- **Connections with hundreds of community groups**
- **Thousands of volunteer hours**



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	77,336	1872	51%	12
6.	Elkhart	Elkhart	198,941	1990	22%	9
5.	St. Joseph	South Bend	266,700	1997	5%	4
3.	Allen	Fort Wayne	358,327	1999	10%	4
4.	Hamilton/Marion	Indianapolis	1,201,787	2011	0.22%	1

* Source: STATS Indiana

** Source: FDIC 6/30/12 Statistics



Larger Markets

Lake City Bank Market Area* Deposit Performance

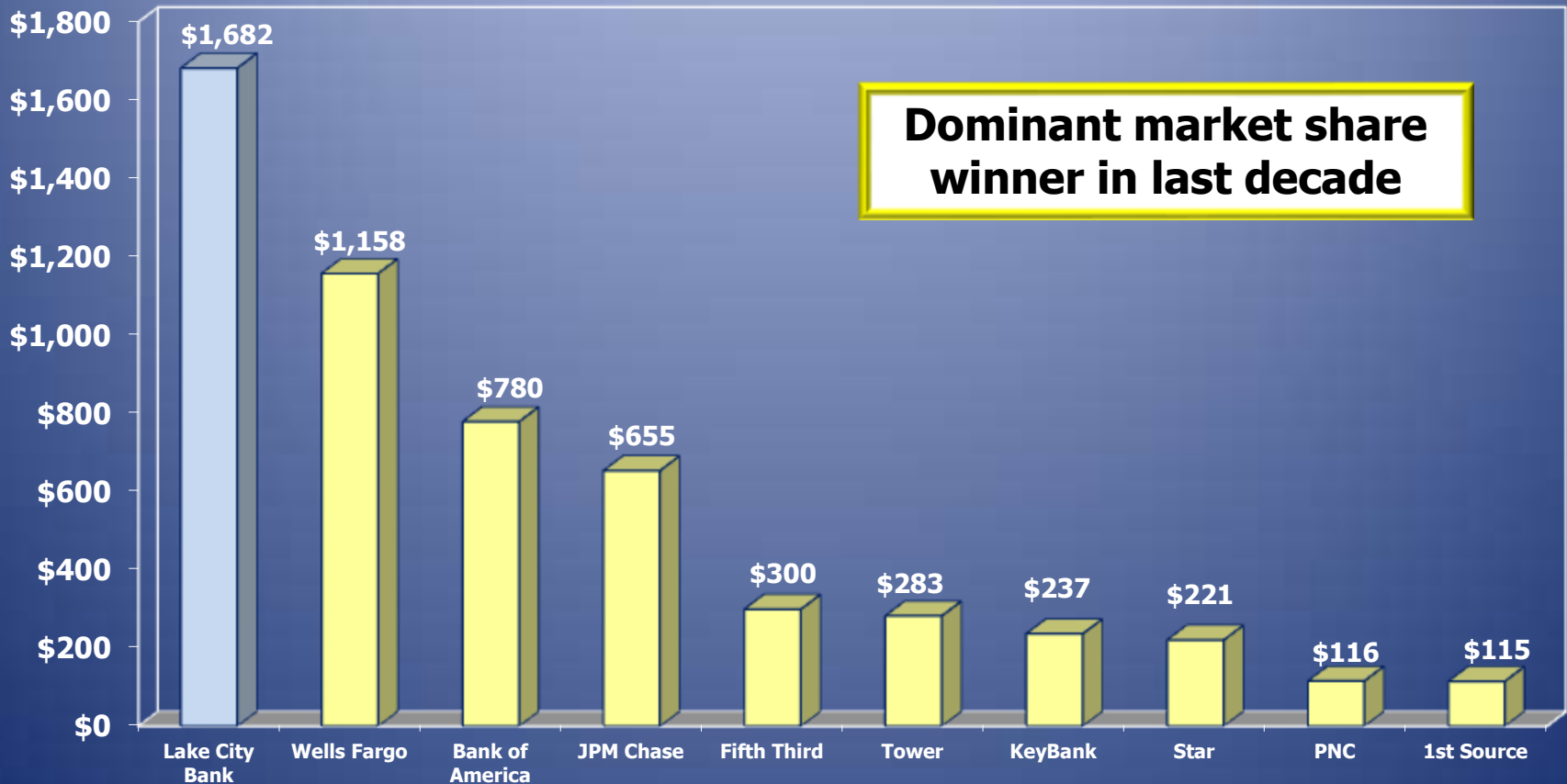
(millions)	2012		2002		Increase	# of Offices
	Deposits	Share	Deposits	Share		
1. First Source	\$2,550	12.08%	\$2,435	17.51%	4.72%	49
2. Lake City Bank	\$2,527	11.97%	\$845	6.07%	199.05%	47
3. JPM Chase	\$2,352	11.14%	\$1,698	12.21%	38.57%	47
4. Wells Fargo	\$2,141	10.14%	\$983	7.07%	117.80%	27
5. PNC	\$1,654	7.84%	\$1,538	11.06%	7.54%	48
6. KeyBank	\$1,162	5.50%	\$925	6.65%	25.62%	34
7. Bank of America	\$918	4.35%	\$138	0.99%	565.22%	5
8. Fifth Third	\$805	3.81%	\$300	2.16%	168.33%	19
9. Tower	\$552	2.62%	\$269	1.93%	105.20%	7
10. Star	\$492	2.33%	\$271	1.95%	81.55%	19
Market Total:	\$21,112		\$13,907		51.81%	

*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



2012 vs. 2002

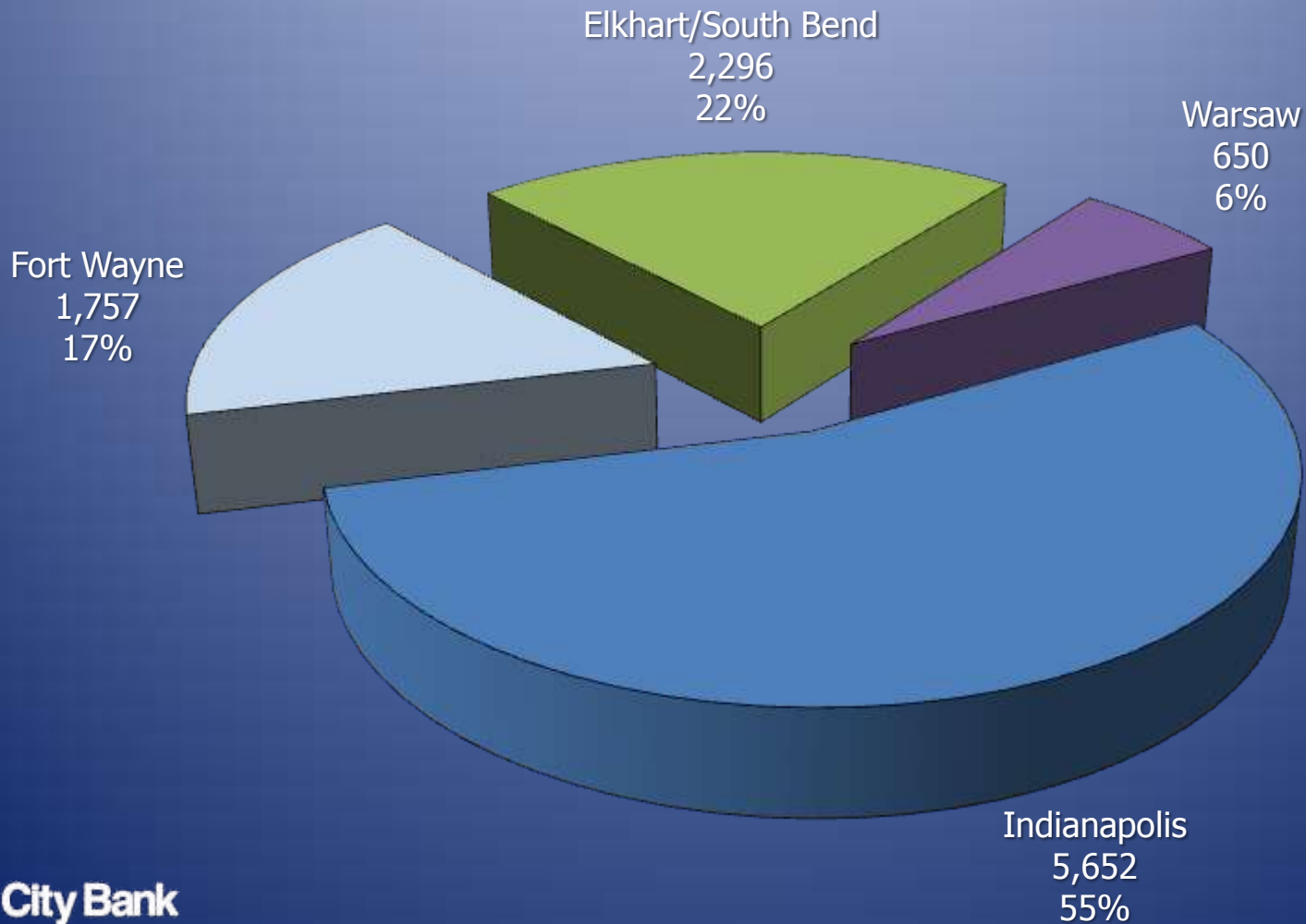
*Includes the counties of Kosciusko, Elkhart, St. Joseph, Marshall, Allen, Whitley, Hamilton, Huntington, LaGrange, Noble, DeKalb, Fulton and Pulaski

**Adjusted to include branches subsequently acquired by surviving banks

Larger Markets

Commercial Banking Market

Companies \$1-30 Million



Larger Markets

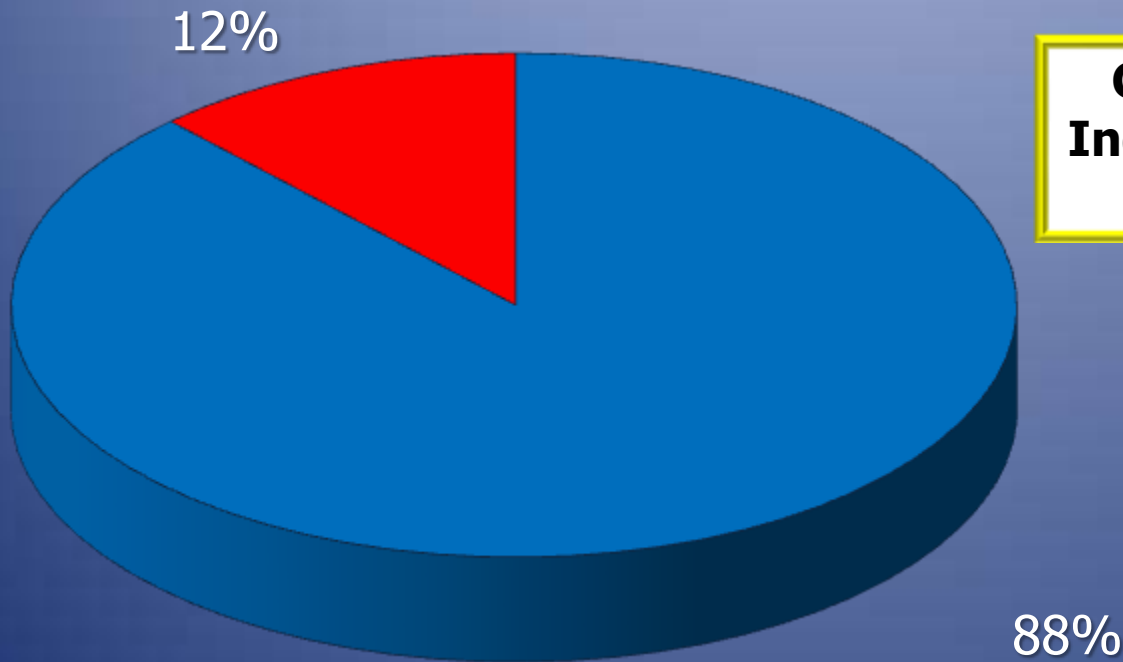
Indianapolis Market Area*

Deposit Performance

(millions)	<u>2012</u>		<u>2002</u>		<u>Increase</u>
	<u>Deposits</u>	<u>Share</u>	<u>Deposits</u>	<u>Share</u>	
1. JPM Chase	\$7,540	28.44%	\$4,631	29.56%	62.82%
2. PNC	\$5,640	21.27%	\$4,176	26.66%	35.06%
3. Fifth Third	\$2,987	11.27%	\$1,263	8.06%	136.50%
4. Huntington National	\$2,200	8.30%	\$1,687	10.77%	30.41%
5. BMO Harris	\$1,667	6.29%	\$1,380	8.81%	20.80%
6. Regions	\$1,321	4.98%	\$768	4.90%	72.01%
7. National Bank of Indy	\$1,260	4.75%	\$541	3.45%	132.90%
8. KeyBank	\$1,221	4.61%	\$244	1.56%	400.41%
9. First Internet	\$523	1.97%	\$289	1.84%	80.97%
10. Old National	\$476	1.80%	\$70	0.45%	580.00%
Market Total:	\$26,509		\$15,664		69.24%

Larger Markets

Indianapolis Market Deposit Concentrations*



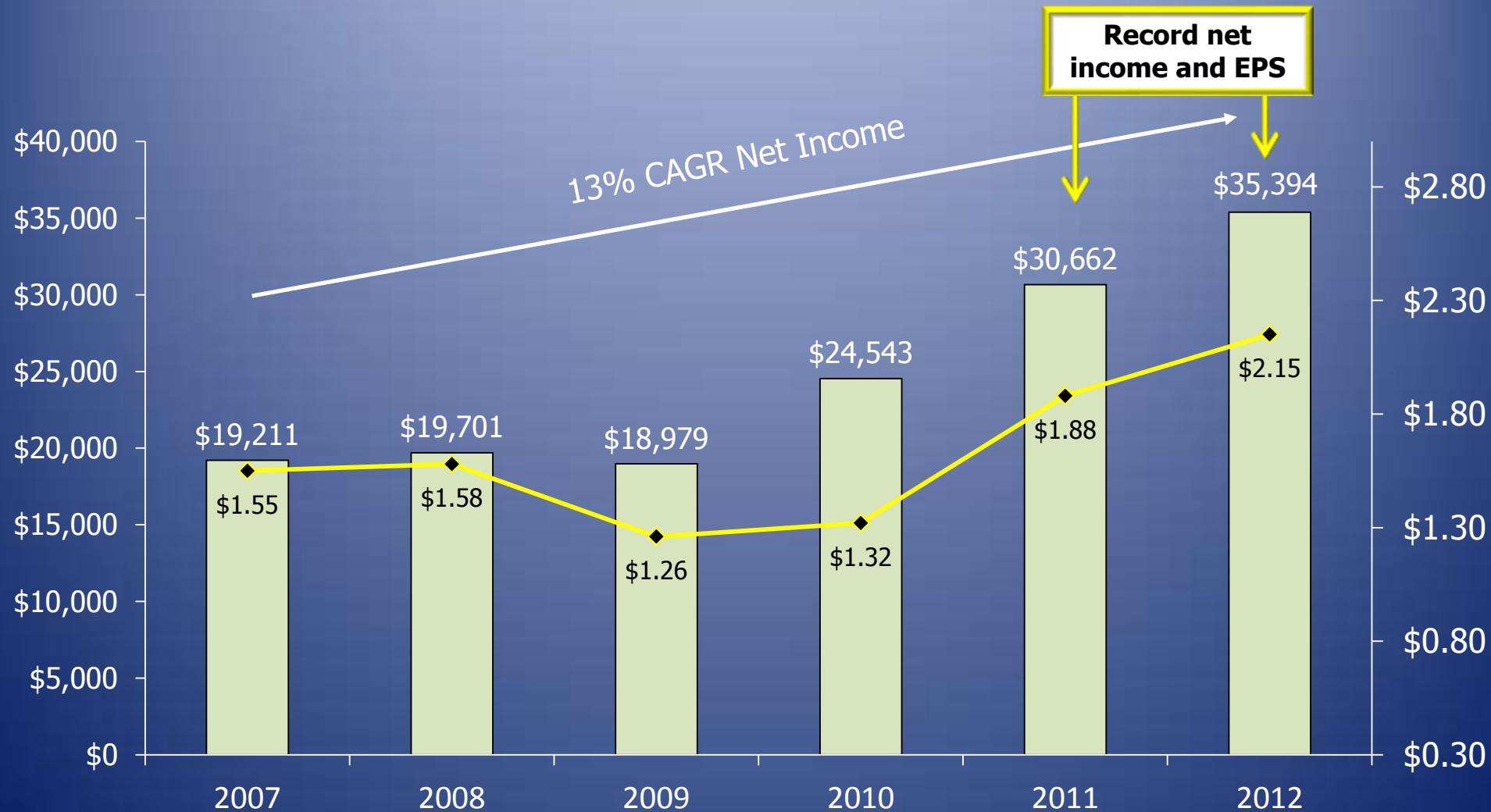
**Great opportunity for
Indiana-based players to
grab market share**

■ Out of State ■ In State

*Marion and Hamilton Counties as of 6/30/12

Financial Performance

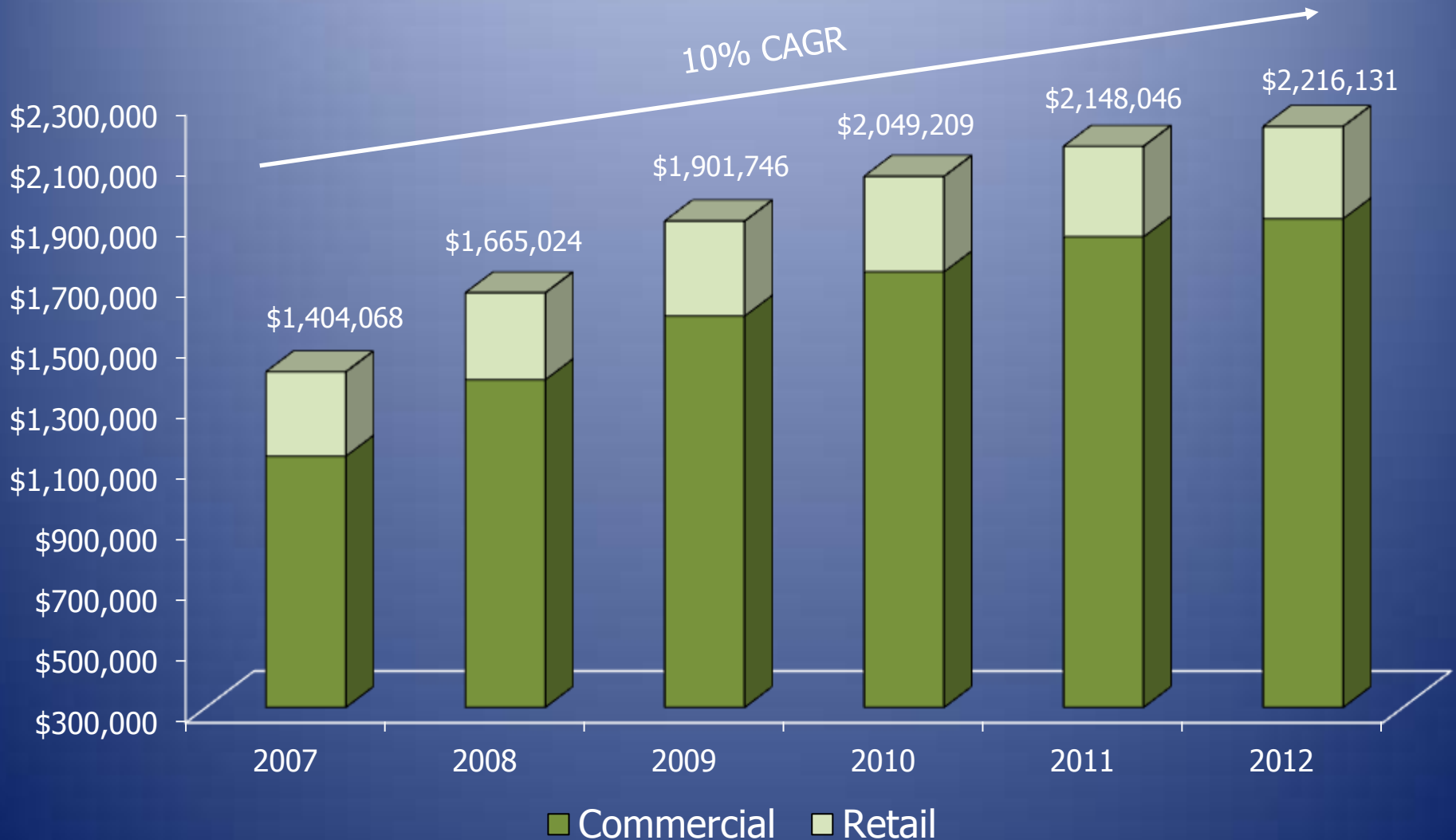
Net Income and EPS



Net Income Diluted EPS

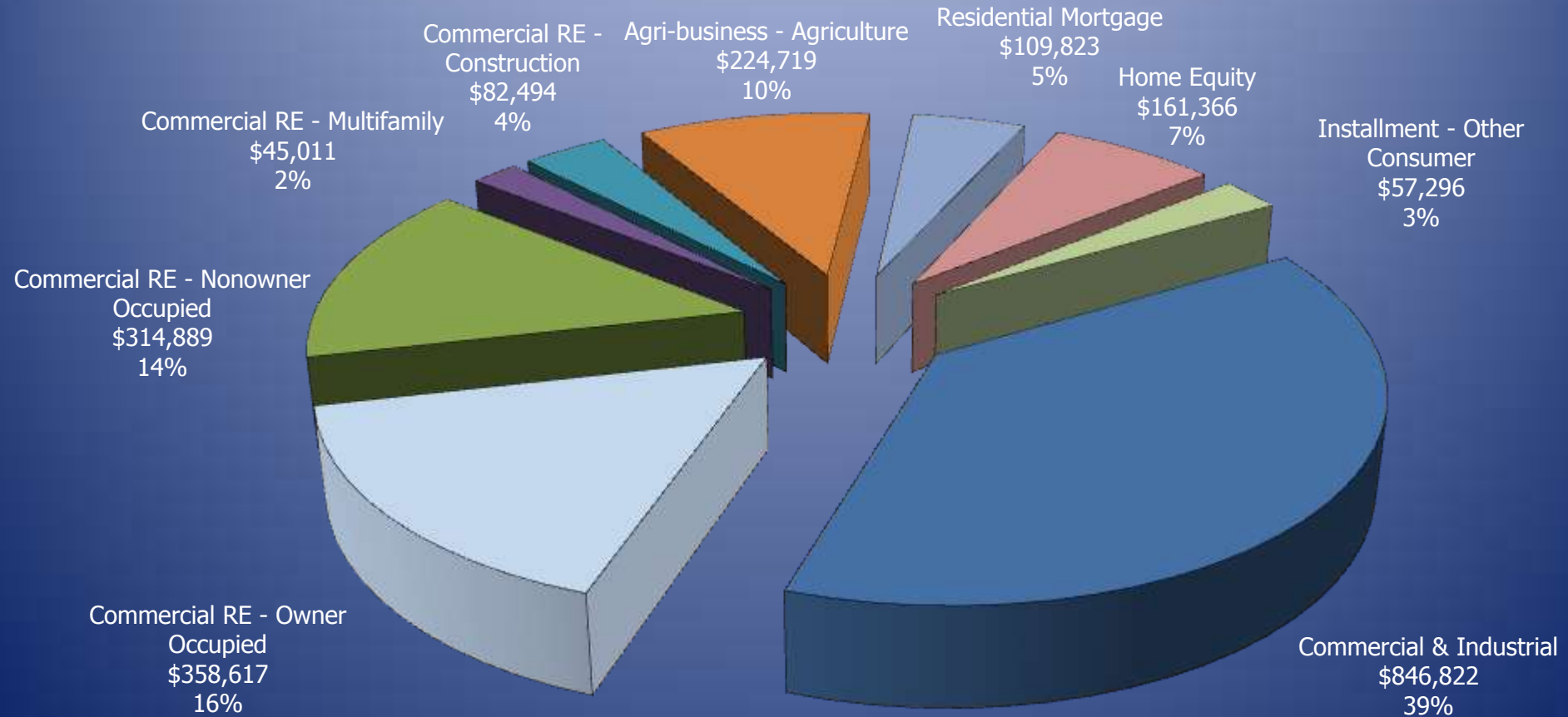
2012 Net Income Growth 15%
2012 Diluted EPS Growth 14%

Average Loans



Loan Breakdown

C & I Drives Lending Business

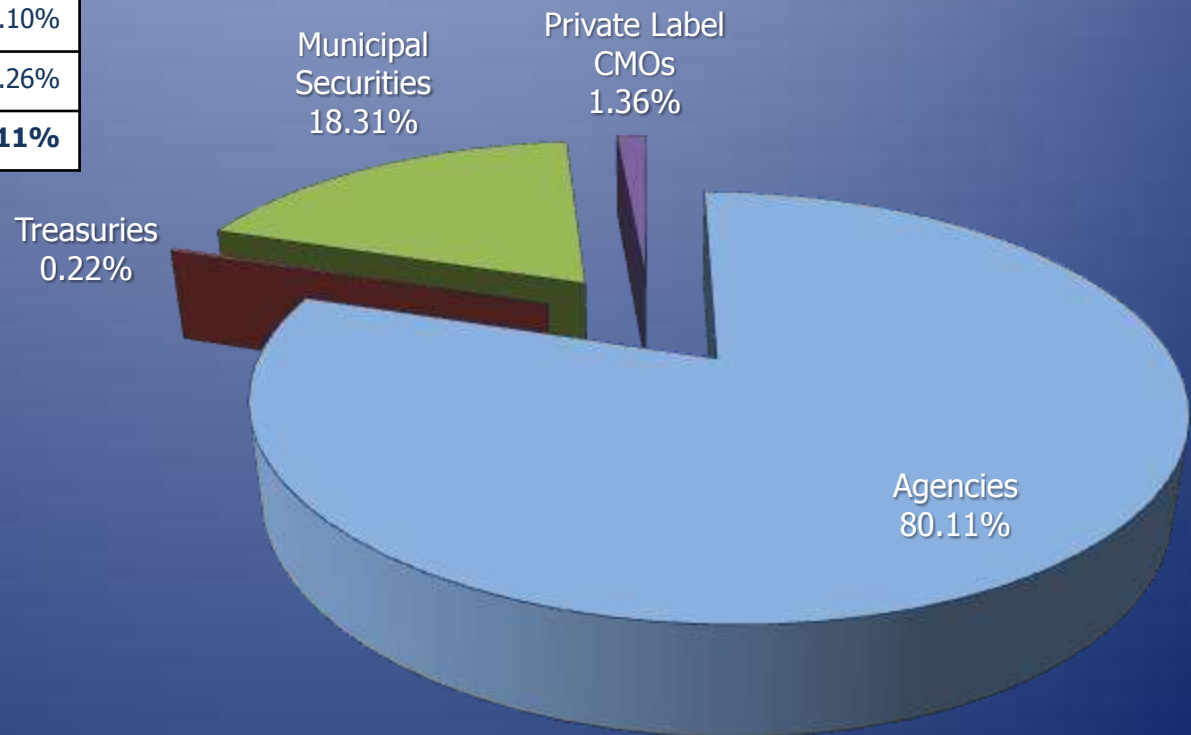


As of December 31, 2012

Investment Portfolio

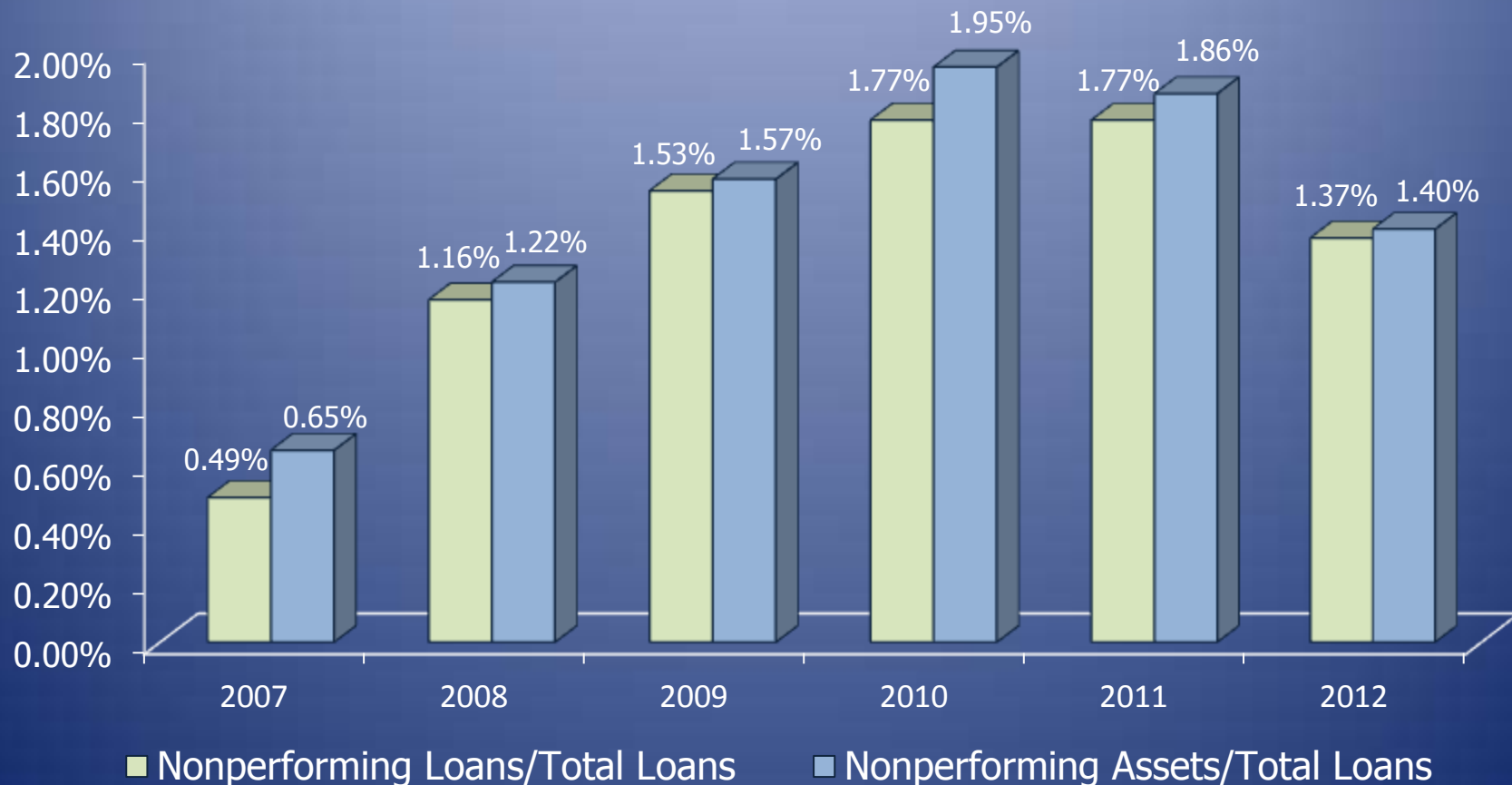
December 31, 2012

Security Type	Weighted Average Life	Tax Equivalent Yield
Agencies	3.03	1.37%
Private Label CMOs	1.55	5.40%
Municipal	5.41	5.10%
Treasuries	1.75	2.26%
Total	3.42	2.11%



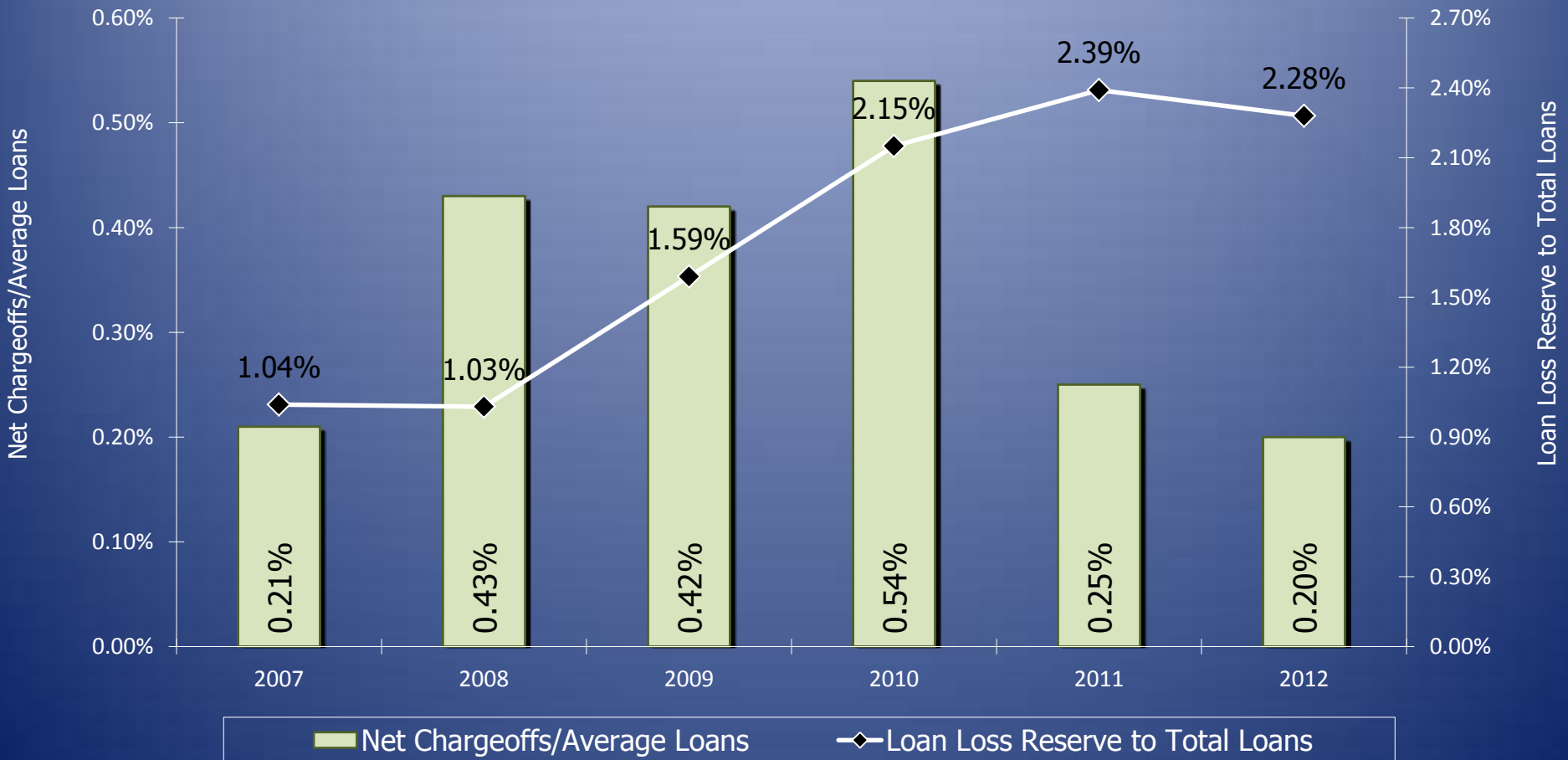
Asset Quality

Nonperforming Asset Levels Stabilized



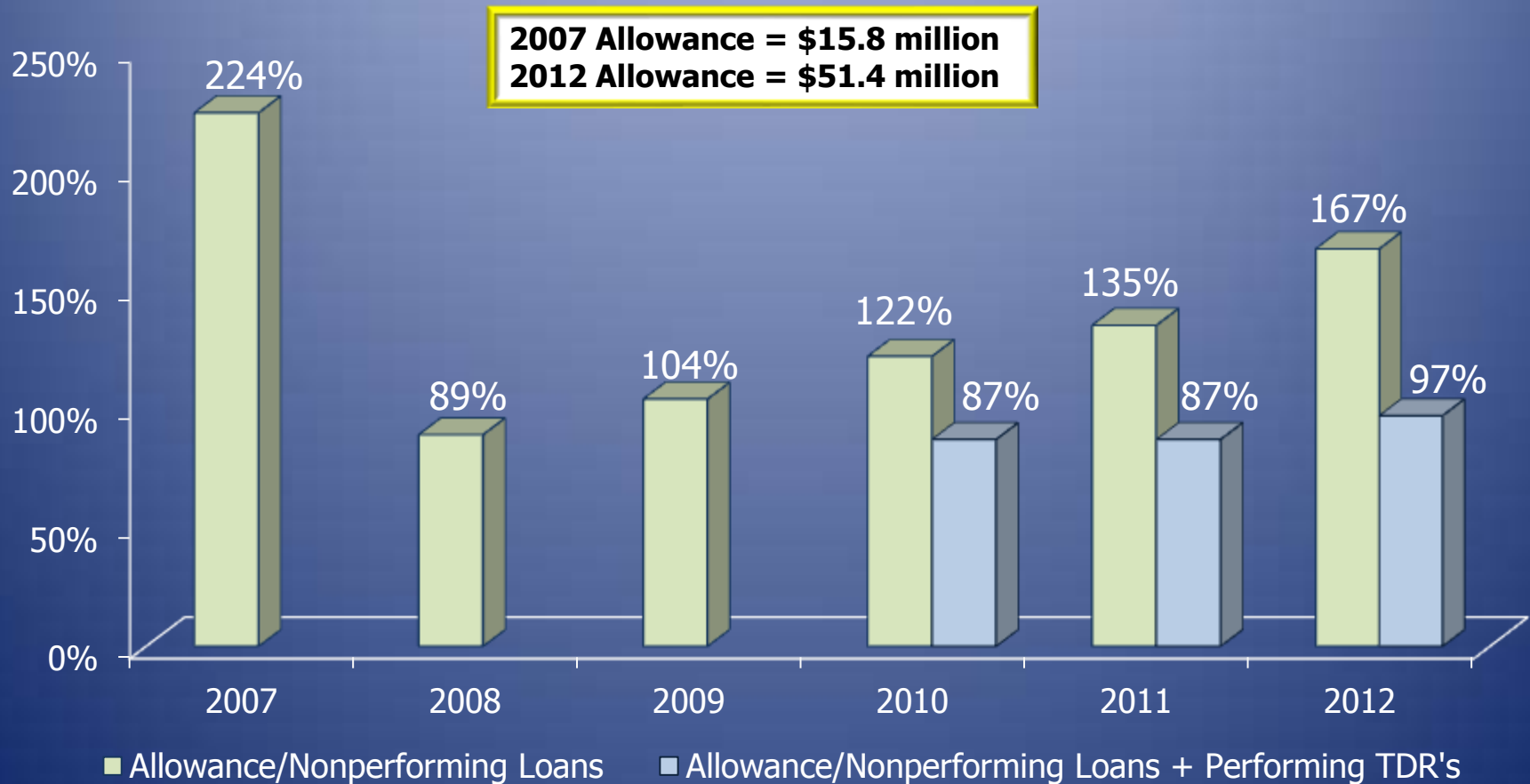
Asset Quality

Charge Off and Reserve Summary



Asset Quality

Healthy Coverage of NPL's



Asset Quality

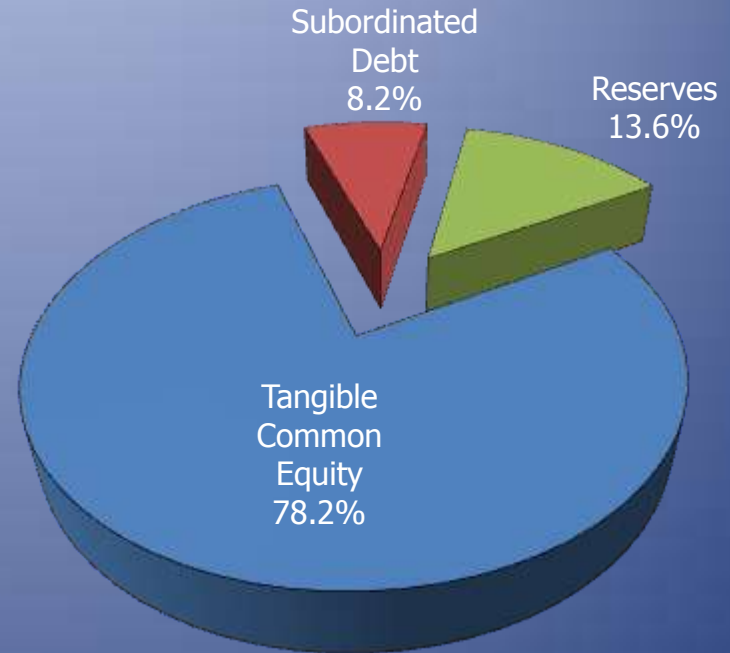
Disciplined Loan Workout Process

- **Consistent discipline in Watch List and Loan Review administration**
- **Dedicated loan workout group under Chief Credit Officer**
- **Engaged senior management team in Loan Review process**
- **Work with borrowers to maximize collections**

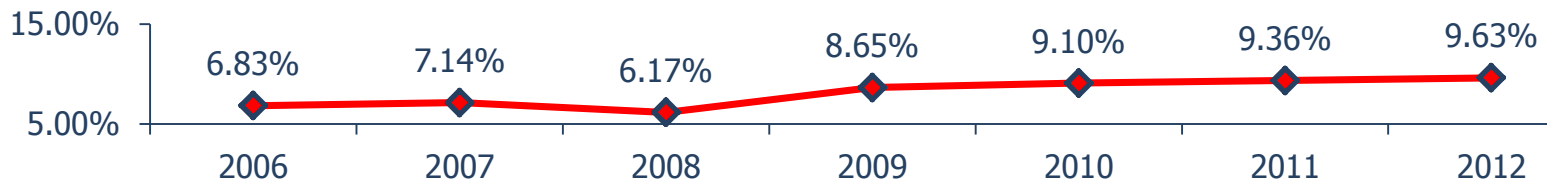
Strong Capital Structure

**Key Ratios and Per Share Data
As of December 31, 2012**

TCE /Tangible Assets	9.63%
Tier 1 Risk-Based	13.01%
Total Risk-Based	14.27%
Leverage	10.46%
Book Value	\$18.18
Tangible Book Value	\$18.10



Tangible Equity Ratio

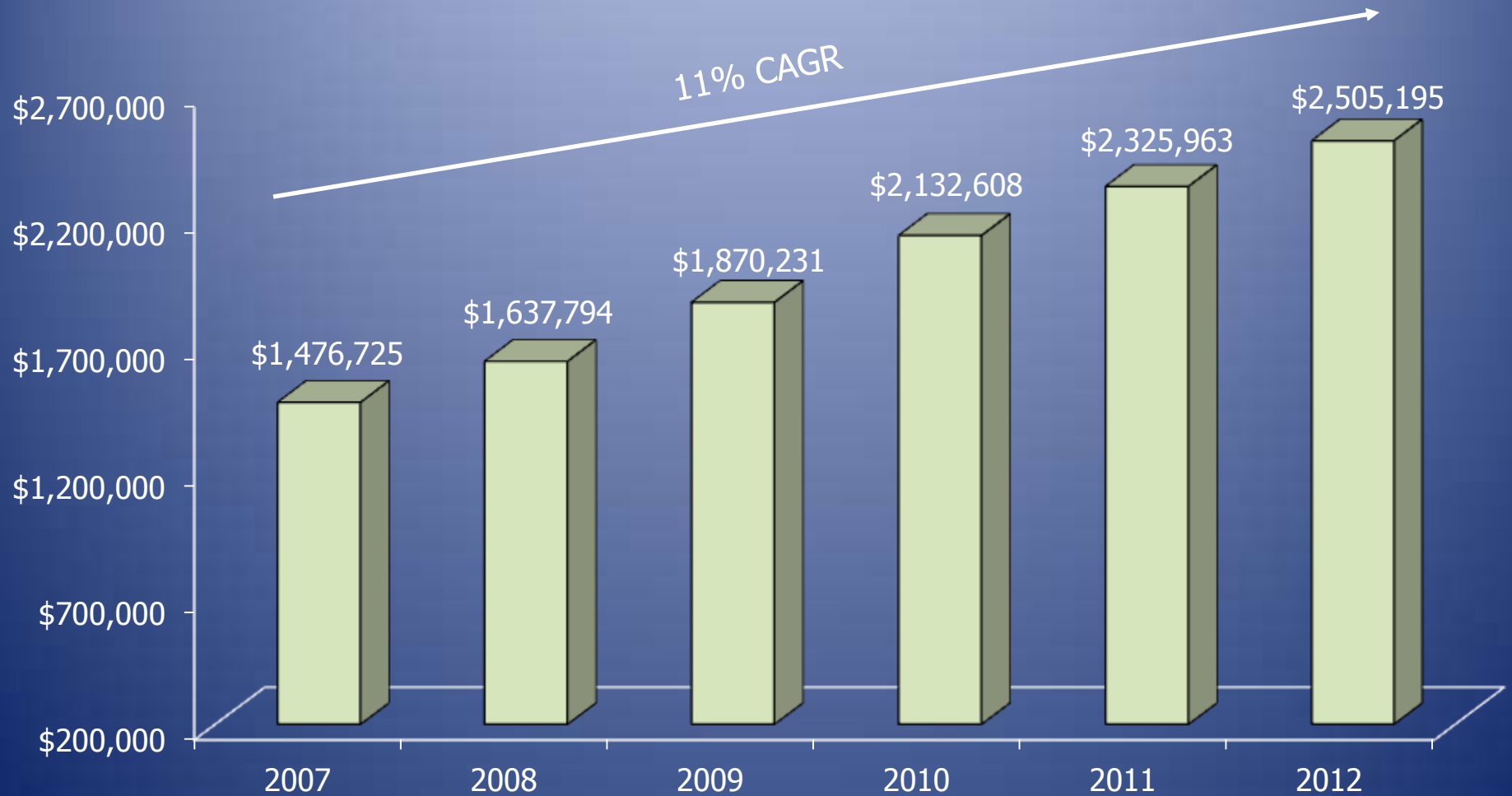


Summary Funding 2009-2012

Deposit Growth Drives Improved Funding Mix

	Total Dec 31, 2009	% of Mix	Total Dec 31, 2012	% of Mix
<u>Client Funding</u>				
Total Deposits	\$1,851	81%	\$2,582	94%
Repurchase Agreements	\$127	6%	\$122	4%
Total Client	\$1,978	87%	\$2,704	98%
<u>Wholesale Funding</u>				
Federal Reserve Programs	\$85	4%	\$0	0%
Fed Funds Purchased	\$10	0%	\$0	0%
FHLB Advances	\$170	8%	\$15	1%
Trust Preferred	\$31	1%	\$31	1%
Total Wholesale	\$296	13%	\$46	2%
Summary Funding Total	\$2,274	100%	\$2,750	100%

Average Deposits

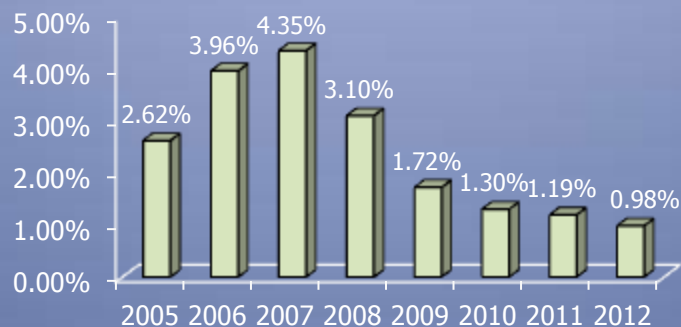


2012 Growth 8%

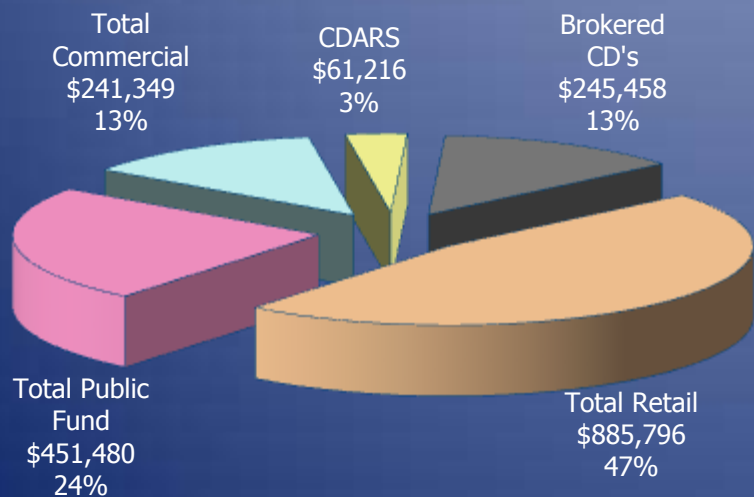
Deposit Breakdown

Retail Strategy Key to Deposit Growth

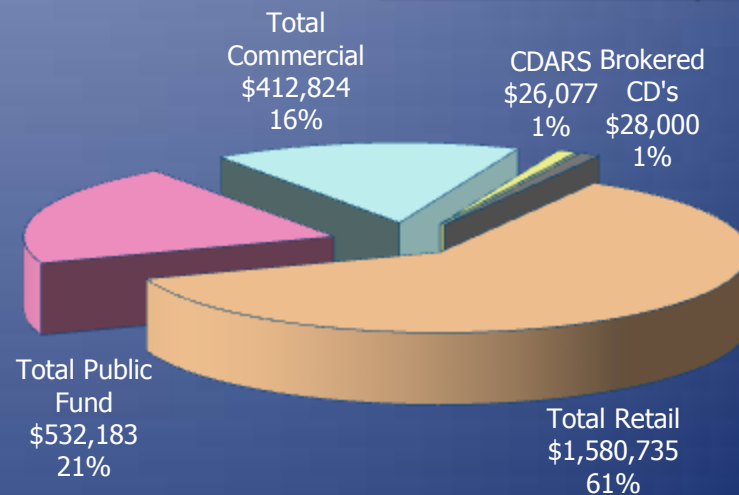
Cost of Deposits in Period



December 31, 2008

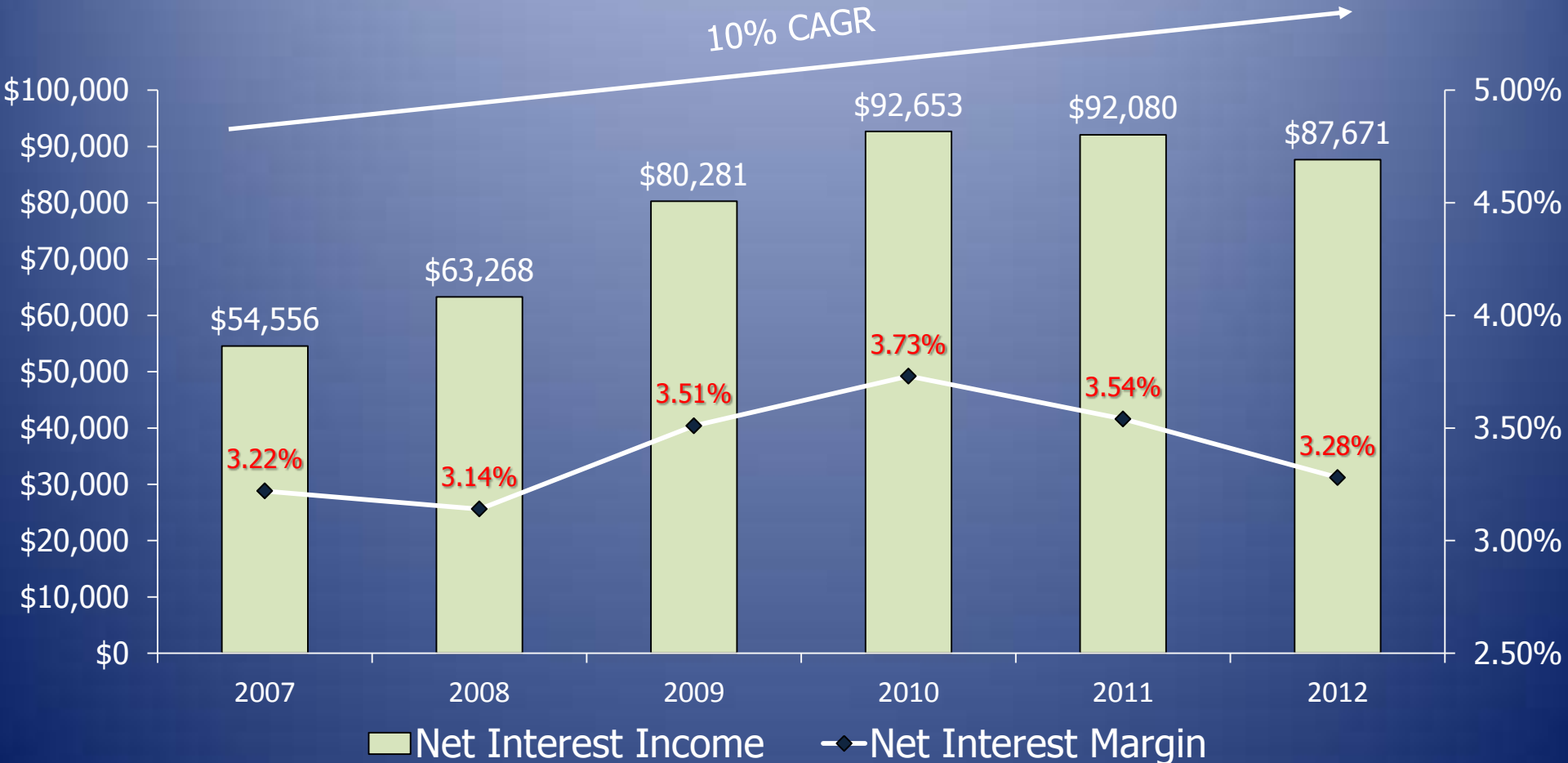


December 31, 2012

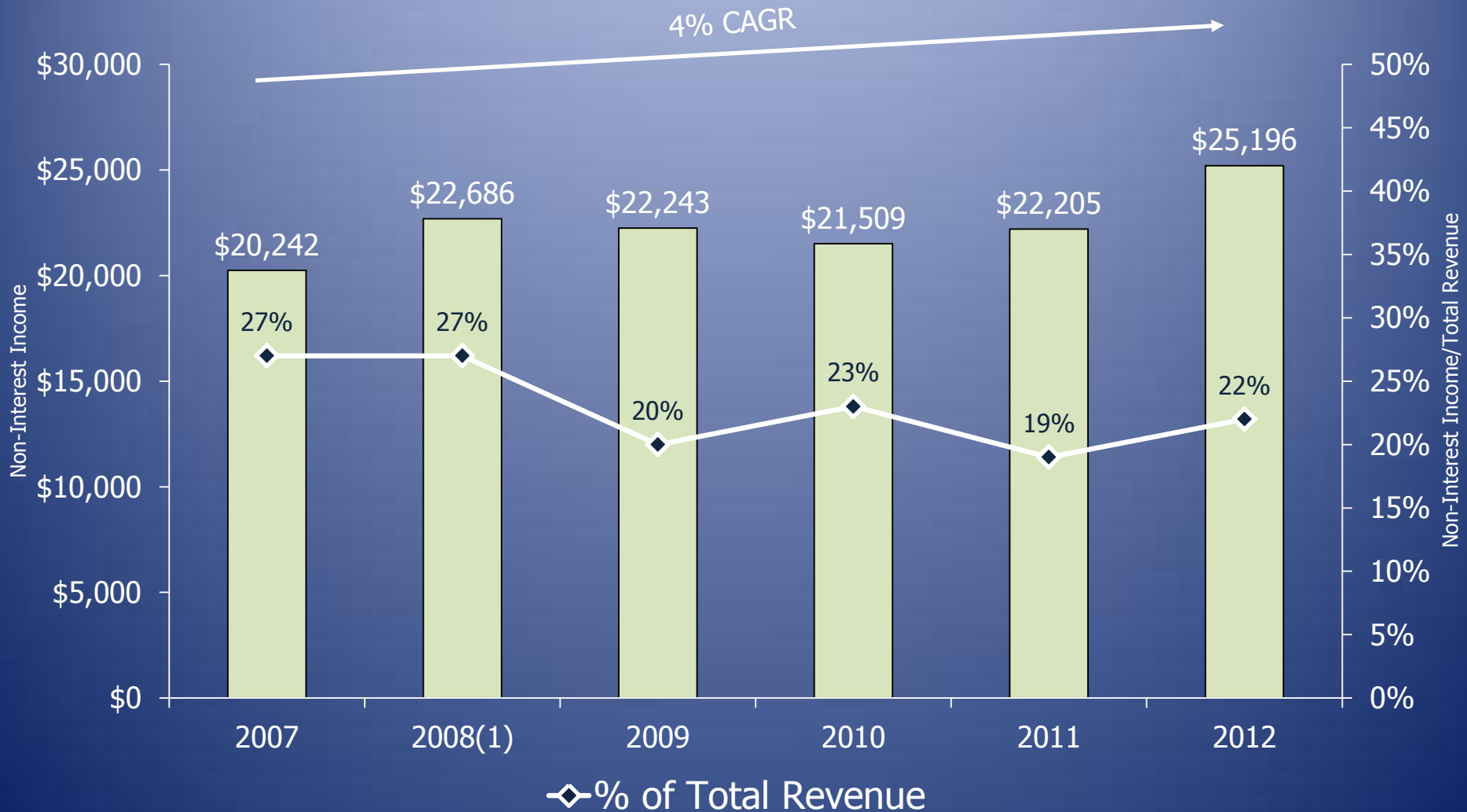


Net Interest Income

Margin Compression Impact is Significant



Non-Interest Income



Non-Interest Expense

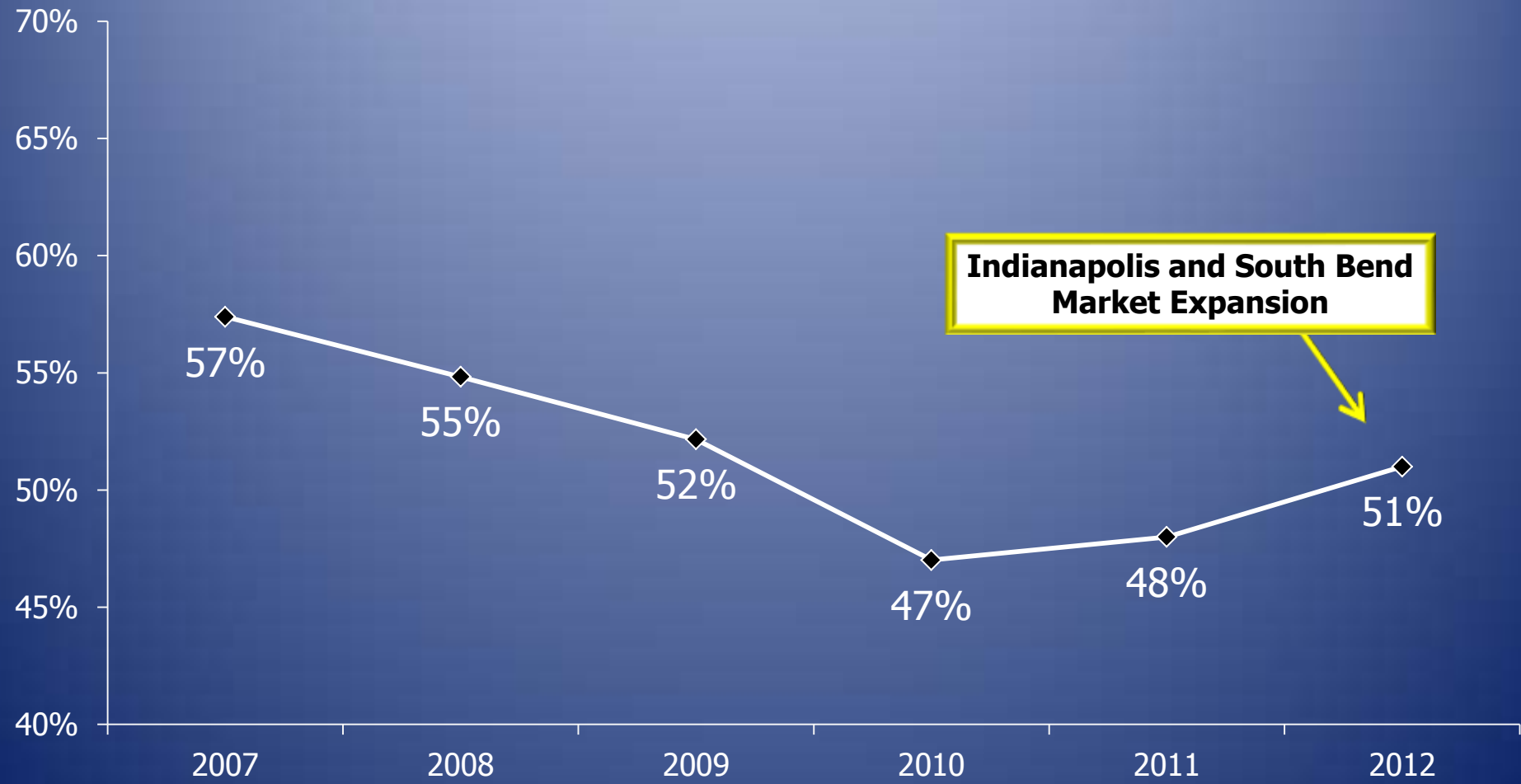


2012 Growth 5%

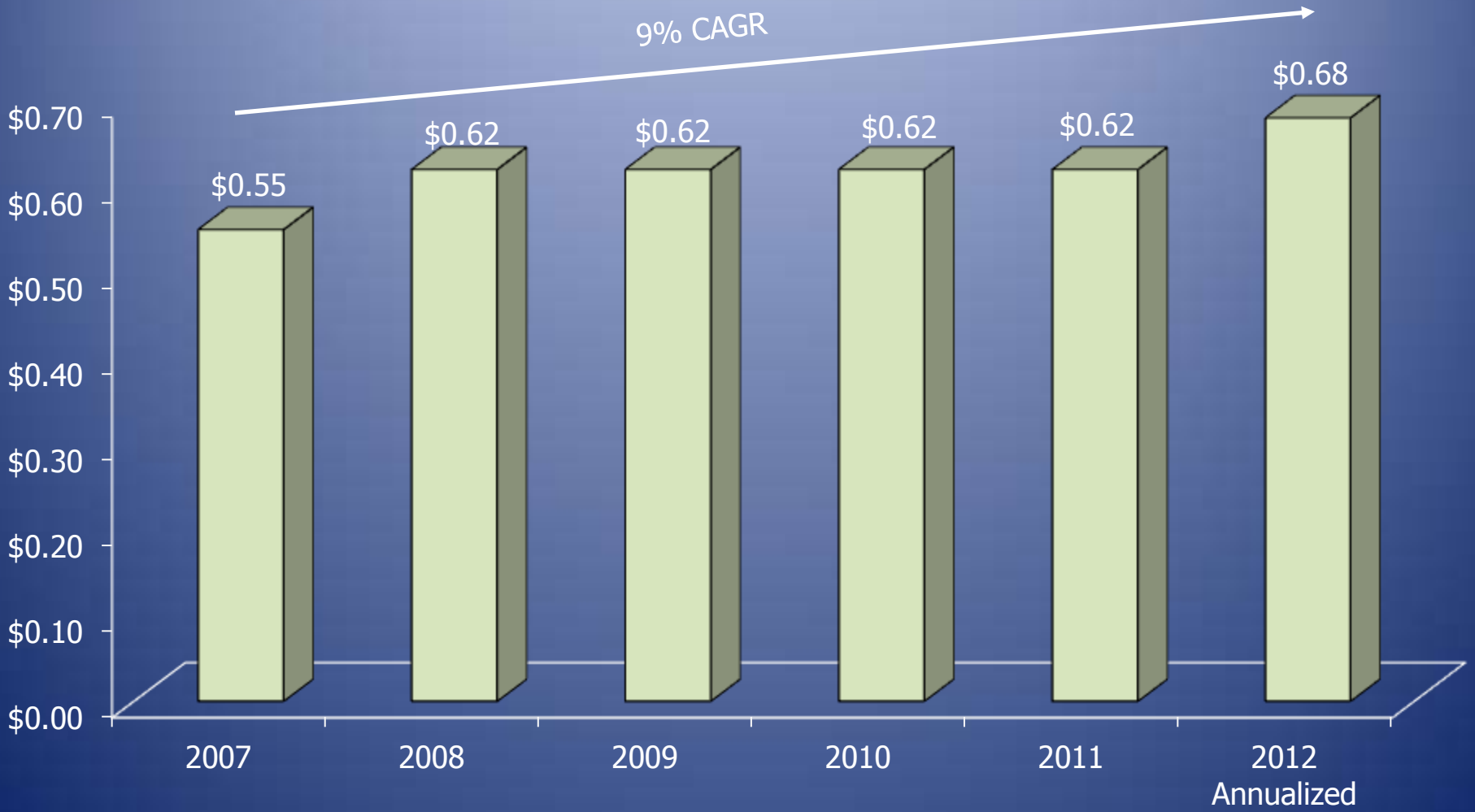
(1) Excluding special FDIC assessment and temporary increase in 2009
(2) Includes FDIC special assessment of \$2,614

Efficiency Ratio

Leveraging Offices, People and Technology



2012 Quarterly Dividend Increase



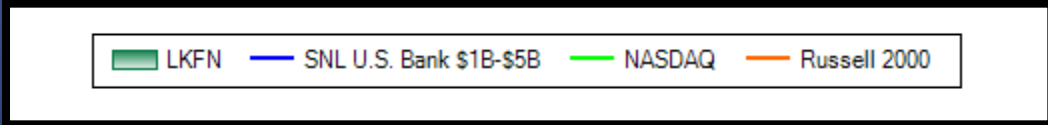
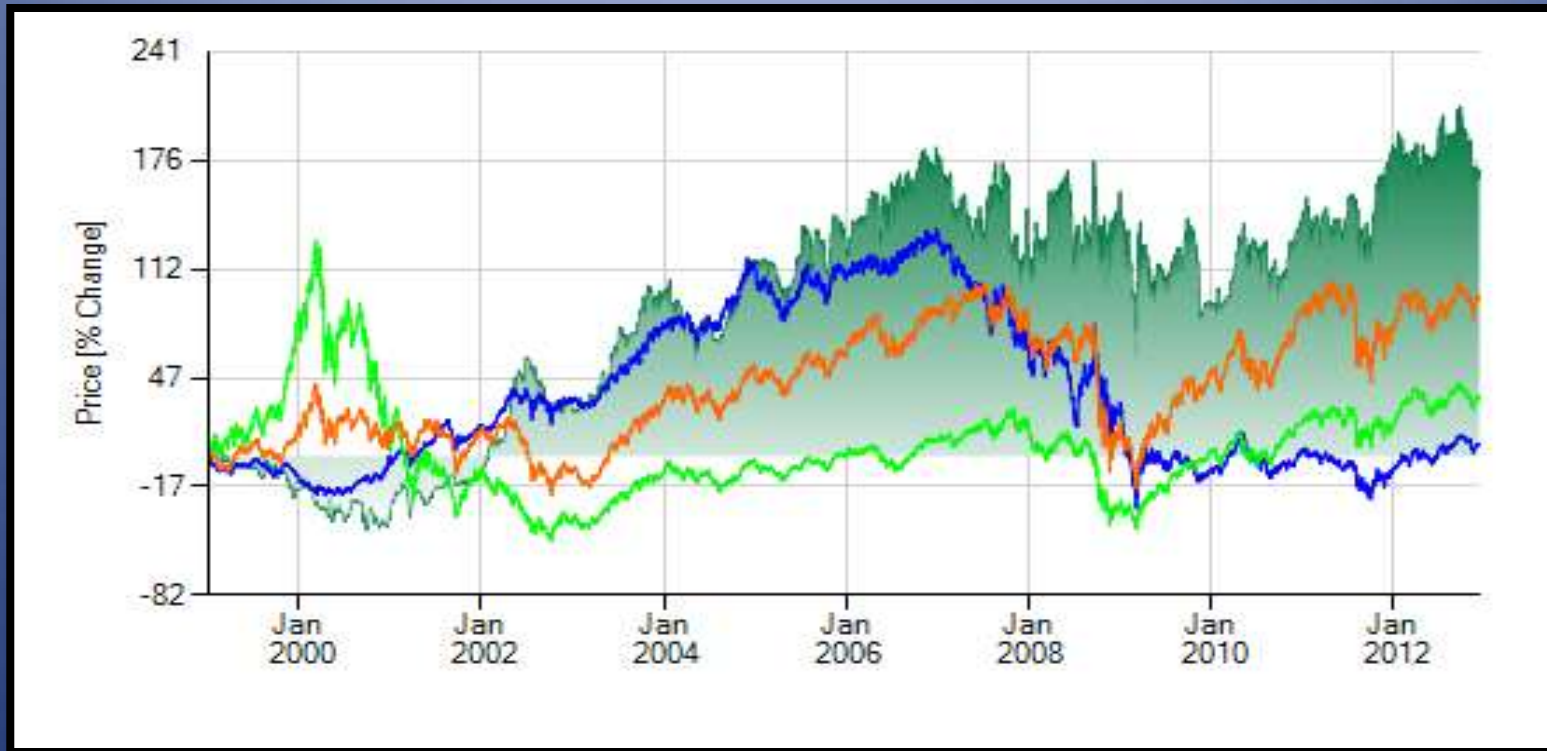
Note - Split Adjusted
- Paid Dividends

2012 Growth 10%

Investment Highlights

- **History of Organic Growth**
- **Disciplined Strategy**
- **Strong Internal Culture**
- **Consistent Execution**
- **Focus on Shareholder Value**

LKFN Performance



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