

Lakeland Financial Corporation

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

1st Quarter 2021



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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 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.

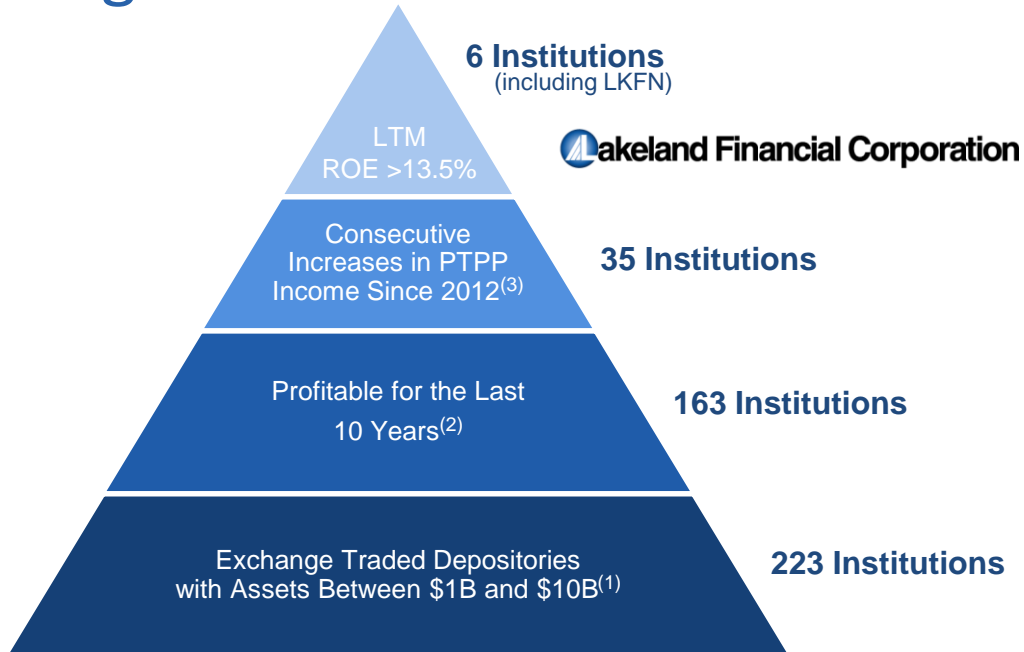
Factors that could have a material adverse effect on the Company’s financial condition, results of operations and future prospects can be found in the “Risk Factors” section of the prospectus included in the Registration Statement on Form S-1 filed on October 26, 2009, as amended under Item 1A “Risk 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.

TOP 25 BANKS

Rank	Company Name	Ticker	State	Total Assets (\$millions)	Profitability				Capital Adequacy			Asset Quality			Final Score
					Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs/ Loans & REO (%)	NPA Rank	NCOs/ Avg Loans (%)	NCOs Rank	
1	RBB Bancorp	RBB	CA	1,691	1.84	4	12.99	23	14.09	10	0.21	18	-0.05	16	54.0
2	Bank of the Ozarks	OZRK	AR	21,276	1.92	3	12.06	40	13.38	13	0.24	23	0.07	132	133.5
3	Live Oak Bancshares	LOB	NC	2,758	2.11	1	15.66	8	15.71	3	0.33	35	0.21	227	143.0
4	Lakeland Financial Corp.	LKFN	IN	4,683	1.38	29	13.63	14	9.91	77	0.32	33	-0.01	32	152.5
5	Eagle Bancorp	EGBN	MD	7,479	1.61	11	12.60	30	11.45	34	0.42	59	0.06	108	158.5
6	Sterling Bancorp	SBT	MI	2,962	1.56	16	20.39	2	9.20	136	0.13	11	-0.04	22	170.5
7	FCB Financial Holdings	FCB	FL	10,677	1.40	24	12.43	34	10.33	67	0.34	37	0.00	56	171.5



Long Term Success for Shareholders



Source: S&P Global Market Intelligence. Financial data is as of December 31, 2020.

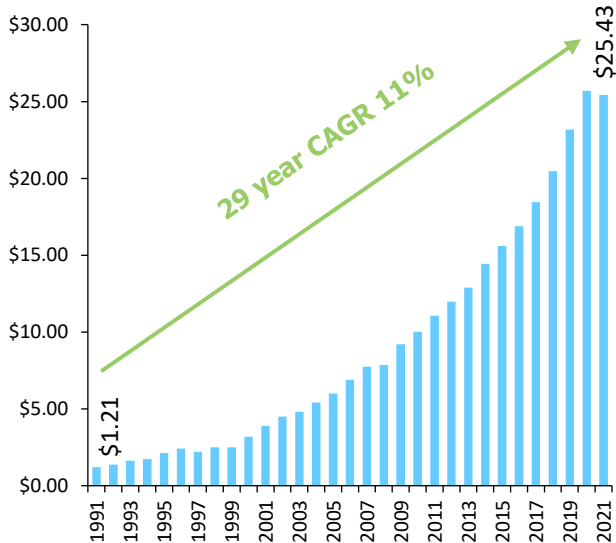
(1) Includes banks and thrifts traded on the NYSE, NYSEAM or NASDAQ as of 3/24/21; excludes merger targets.

(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, 2011 through December 31, 2020). Net income before extraordinary items is defined by S&P Global Market Intelligence 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 Global Market Intelligence.

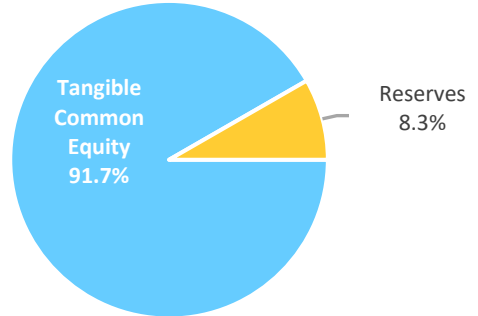
(3) Defined as consecutive increases in pre-tax, pre-provision earnings (excludes nonrecurring revenues and expenses, one-time goodwill impairment charges) for each of the years ending December 31, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020.

Strong Capital Structure

Tangible Book Value⁽¹⁾ Per Share



⁽¹⁾compounded annual growth rate computed from 1991-2020



Key Ratios and Per Share Data as of March 31, 2021

TCE/Tangible Assets	10.77%
Total Risk-Based	15.15%
Leverage	10.79%
Book Value	\$25.58
Tangible Book Value	\$25.43

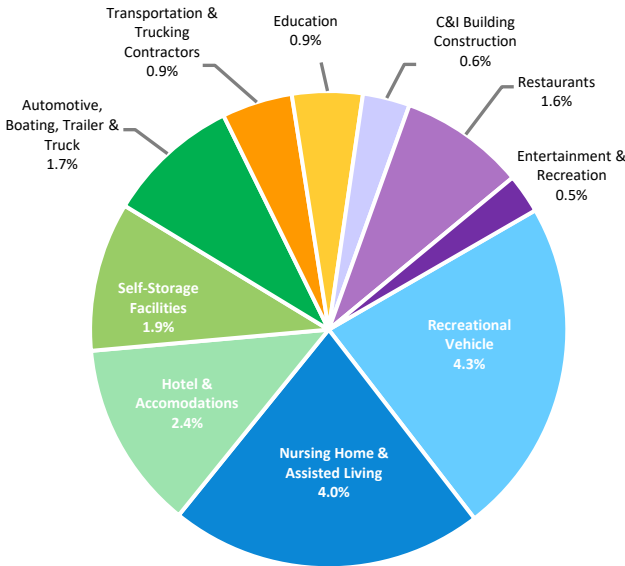
COVID-19 Crisis Management

- Active Credit Risk Management
- COVID-19 Related Loan Deferrals
- Paycheck Protection Program

Active Credit Risk Management

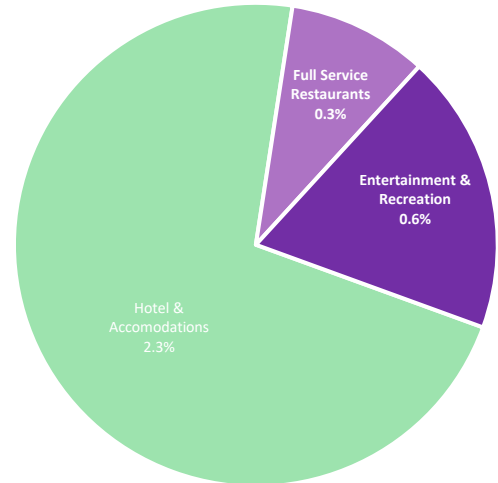
Ongoing Assessment of Potential Risk Sectors – COVID-19

March 31, 2020



18.7% of Loan Portfolio
\$765 million

March 31, 2021



3.3% of Loan Portfolio
\$138 million
(excludes PPP Loans)

COVID-19 Related Loan Deferrals

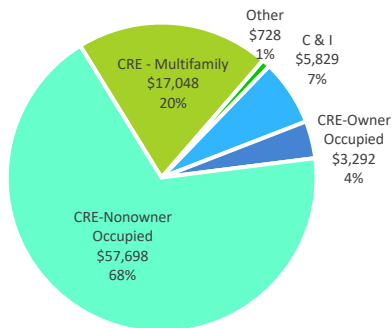
COVID-19 Loan Deferrals as of April 23, 2021

Type of Loan	# of Borrowers	Loans (000's)	% of Total Loan Portfolio
Commercial	19	\$84,595	2%
Consumer	7	535	0%
Total	26	\$85,130	2%

Credit Risk Management Efforts

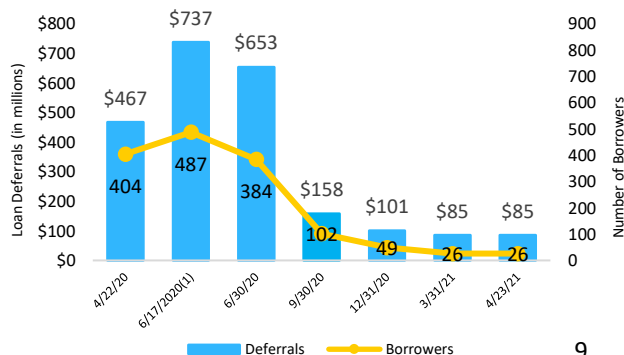
- All COVID-19 related loan deferrals remain on accrual status
- Each deferral is evaluated individually, and management has determined that all contractual cash flows are collectible at this time
- Ongoing scrutiny of potential risk sector clients and other emerging situations
- TDR deferral relief extended to January 1, 2022

Commercial Deferrals by Loan Type



\$85 million Commercial Deferrals

COVID-19 Loan Deferrals

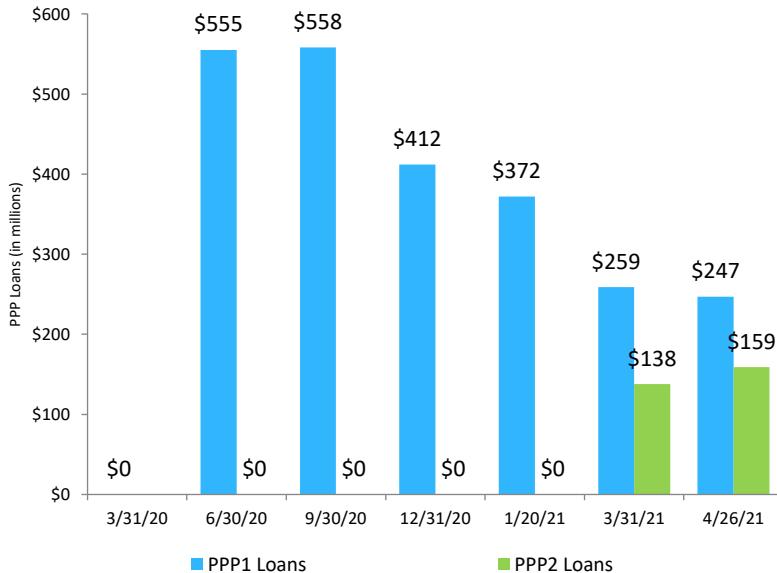


(1) Deferral balances peaked on June 17, 2020

Paycheck Protection Program

Significant Positive Impact to Borrowers Continues

PPP Round 1 and Round 2 Originations



PPP Round 1 Highlights

- \$571 million thru 2,409 loans
- Average loan size \$237,000
- 82% of loans, or \$305 million forgiven as of 4/23/21
- \$169 million of loans greater than \$2 million representing 49 borrowers are at SBA pending approval

PPP Round 2 Highlights

- 1,223 potential borrowers as of 4/26/21
- \$158 million approved by SBA representing 1,106 borrowers
- Average loan size \$134,000

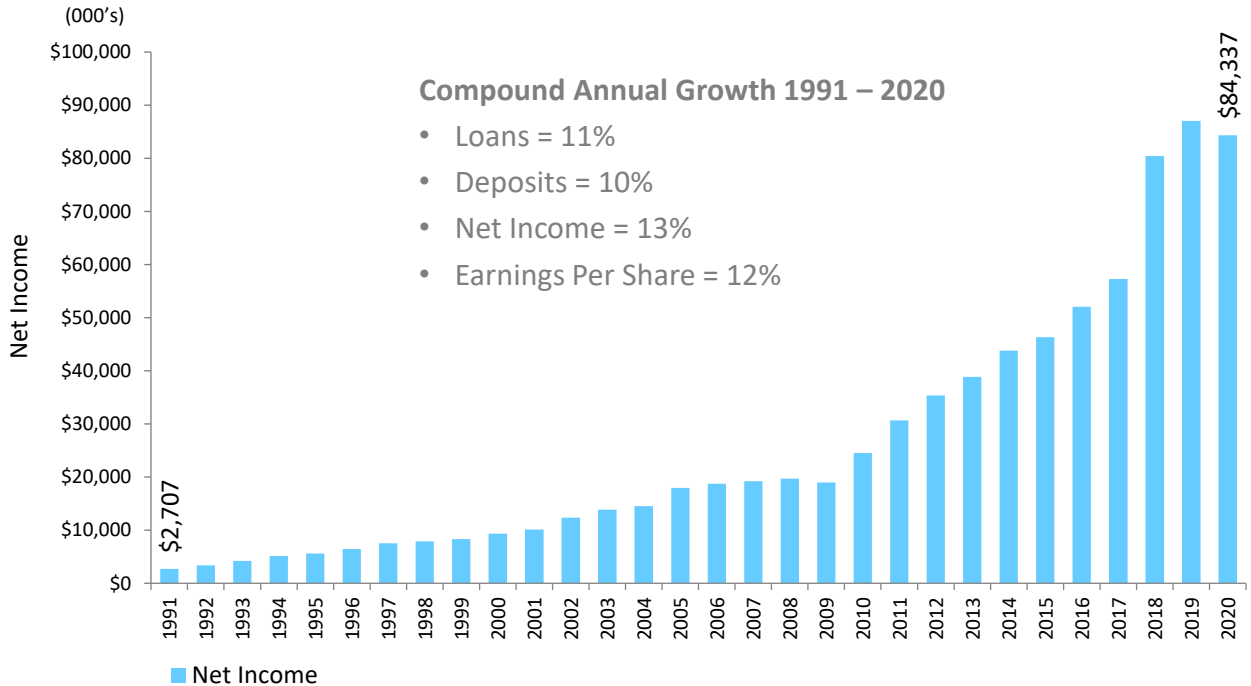
Lake City Bank Today

- A long-term and consistent organic growth story
- Headquartered in Warsaw, Indiana
- 50 branch offices - \$6.0 billion banking assets - \$2.7 billion trust and investment brokerage assets
- Focused on execution – “blocking and tackling”
- Continued growth potential



A Quarter Century of Organic Growth

Record Net Income for 30 of 32 Years

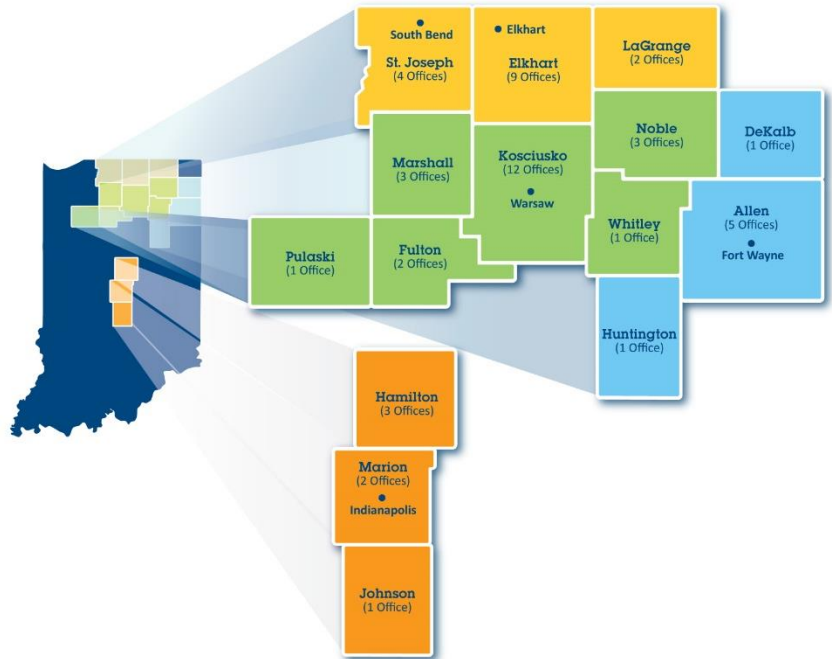


Established Market Presence

Organic Growth Potential in Mature and Developing Markets

Market Data

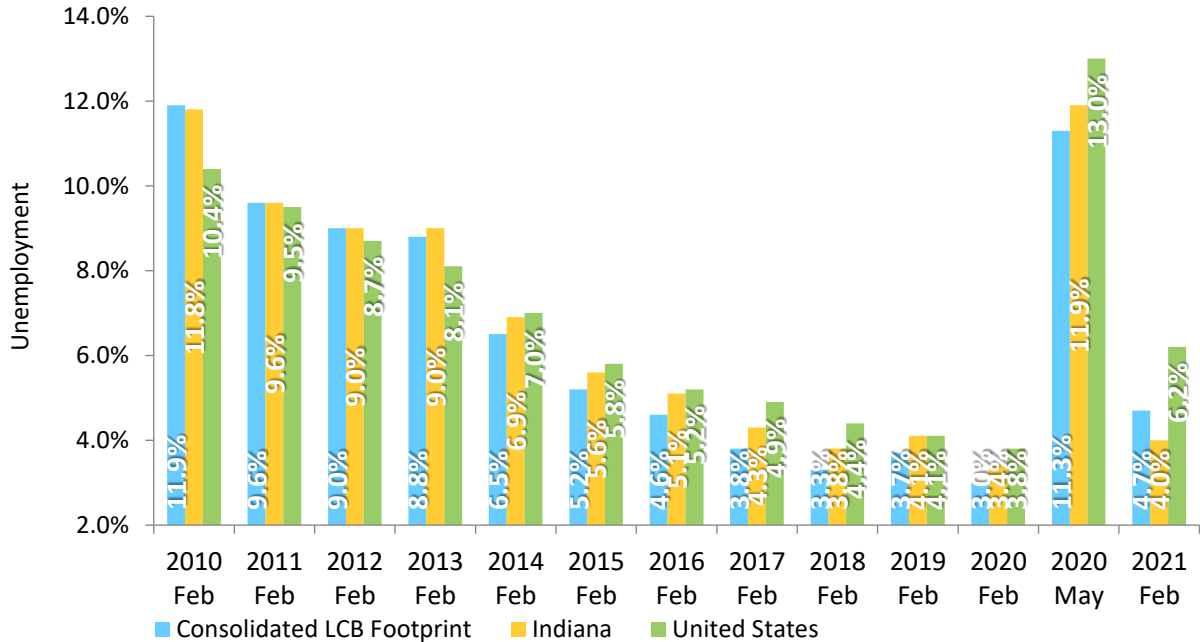
Warsaw – 1872 22 offices
Elkhart – 1990 11 offices
South Bend – 1997 4 offices
Fort Wayne – 1999 7 offices
Indianapolis – 2011 6 offices



Opening Date of First Office in Market

Strong Regional and Statewide Economy

Indiana Employment Trends Versus National Averages



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

- 41 credit “smart” commercial bankers
- Average 20 years in banking & 11 years at Lake City Bank
- We live where we lend
- Face to face calling matters and is a team effort
- We understand our client needs
- Deep organizational structure provides credit and administrative support
- We cross-sell aggressively by leveraging technology

Commercial Banking Focus

Credit Process

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

High Quality Team Members

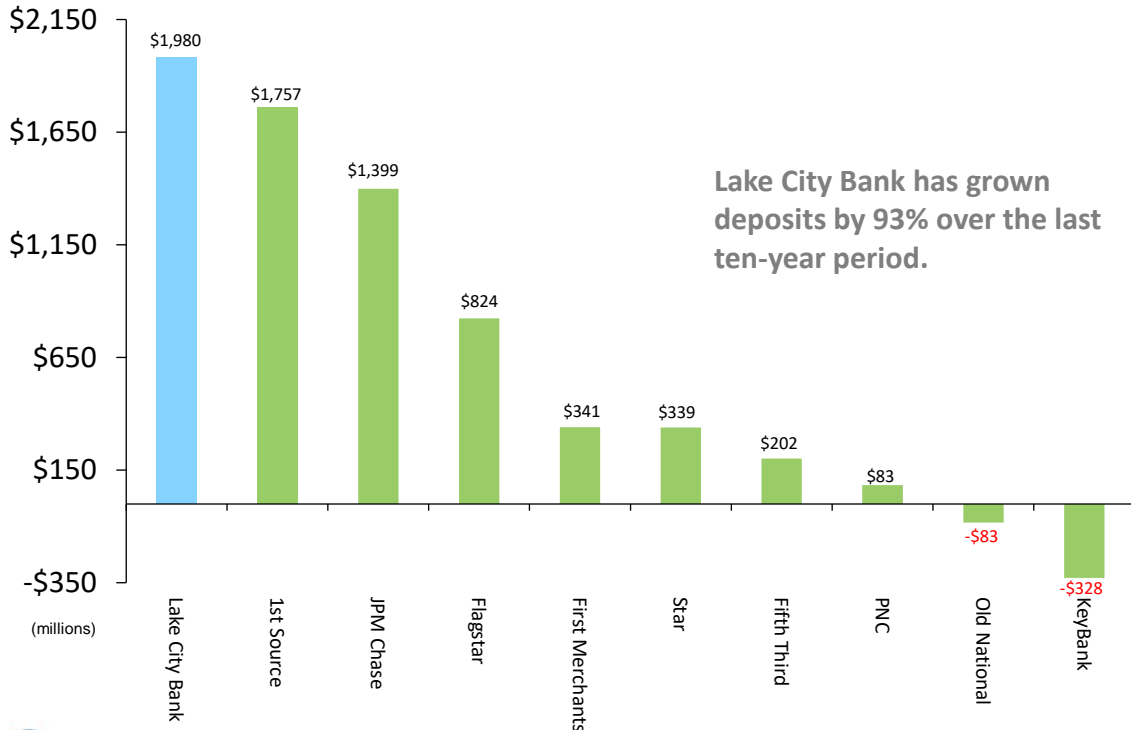
Lake City Bank Culture

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



Organic Growth 2010 - 2020

Mature¹ Market Deposit Performance

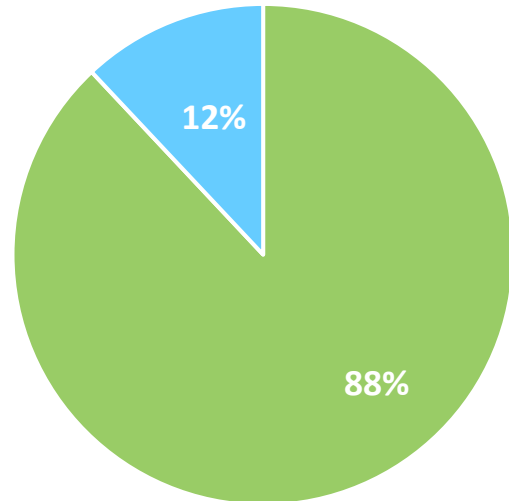


Organic Growth

Indianapolis Market Opportunity

Indianapolis Market Banks	Share of Market
1. JPM Chase	22%
2. PNC	14%
3. Fifth Third	9%
4. Huntington National	7%
5. First Internet Bank	7%
6. BMO Harris	7%
7. KeyBank	6%
8. Bank of America	6%
9. Merchants Bank	5%
10. National Bank of Indy	4%
16. Lake City Bank	1%

Deposit Market Share



■ Out of State ■ In State

- Marion, Hamilton and Johnson Counties as of 6/30/20; Source: FDIC Statistics

A Strong Environment for Growth and Expansion

- #1 manufacturing state in the country⁽¹⁾
- CNBC named Indiana as #1 state for infrastructure
- K-12 funding increased \$1 billion since 2017
- Net population in-migration in 2020
- Ten-year population growth of 4% through 2020
- Economic expansion of 1.25% in 2019⁽²⁾

(1) Based on per capita population

(2) Indiana University study

Core Deposit Funding

Core Deposits Fund Organic Loan Growth

- Focus on core deposit growth in retail, commercial and public funds
- Commercial deposit growth over 5 years = 22% CAGR
- Capitalize on market disruption in our footprint to grow deposits
- Emphasize checking account relationship products and flexible solutions
- Leverage demographic and lifestyle data
- Omni channel media campaign is evolving

Commitment to Technology and Cyber Risk Management

Innovative and Competitive Technology is a Focus

- Fintech partnerships play a growing role in our technology
- Lake City Bank Digital, the next generation digital solution rolls out in March 2021
- Technology partnership with FIS is strong – User Planning Council and Strategic Planning Advisory Council
- Retail and Commercial platforms ensure competitive positioning
- Cybersecurity protection is a constant focus
- AI and data gathering and analysis playing an increasingly important role
- Branch strategies involve hardware and software innovations

Mobile Adoption is Growing Rapidly

Channel Utilization Over Three Year Horizon⁽¹⁾

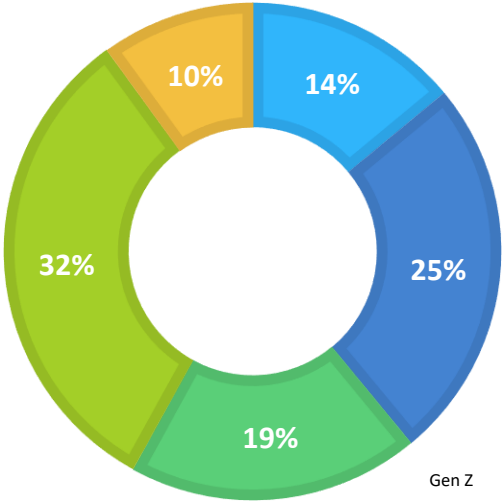
Channel Type	Total Transactions 2018	% of Total	Total Transactions 2021	% of Total	Three Year Change
Branch Transactions	2,384,159	20%	1,969,469	15%	(17)%
ATM/ITM	958,326	8%	878,845	6%	(9)%
Online Logins	4,855,943	41%	5,103,932	38%	5%
Mobile Logins	3,352,690	28%	5,288,263	39%	58%
Telephone Banking	276,259	2%	252,448	2%	(9)%
Total	11,827,377	100%	13,492,957	100%	14%

⁽¹⁾ Measurement period includes twelve months of data ending March 31, 2018 and March 31, 2021

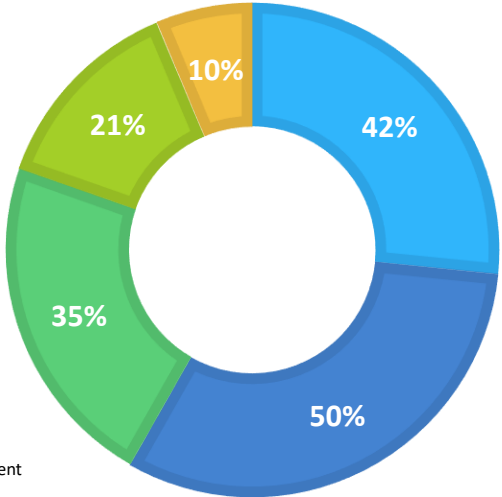
Lake City Bank Mobile App Adoption by Age Demographic

March 2021

CUSTOMER BREAKDOWN



MOBILE APP ADOPTION



- Gen Z
- Millennial
- Gen X
- Baby Boomer
- Senior

Gen Z	1996 – Current
Millennial	1977 – 1995
Gen X	1965 – 1976
Baby Boomer	1946 – 1964
Senior	1945 or before



Commitment to Technology and Cyber Risk Management

Technology Focused Solutions

BINGE WATCH YOUR MONEY



Digital Banking

ASK FOR DETAILS

lakecitybank.com/digital

Lake City Bank
Member FDIC

EVEN OUR DIGITAL BANKING IS PERSONAL.



Digital Banking

ASK FOR DETAILS

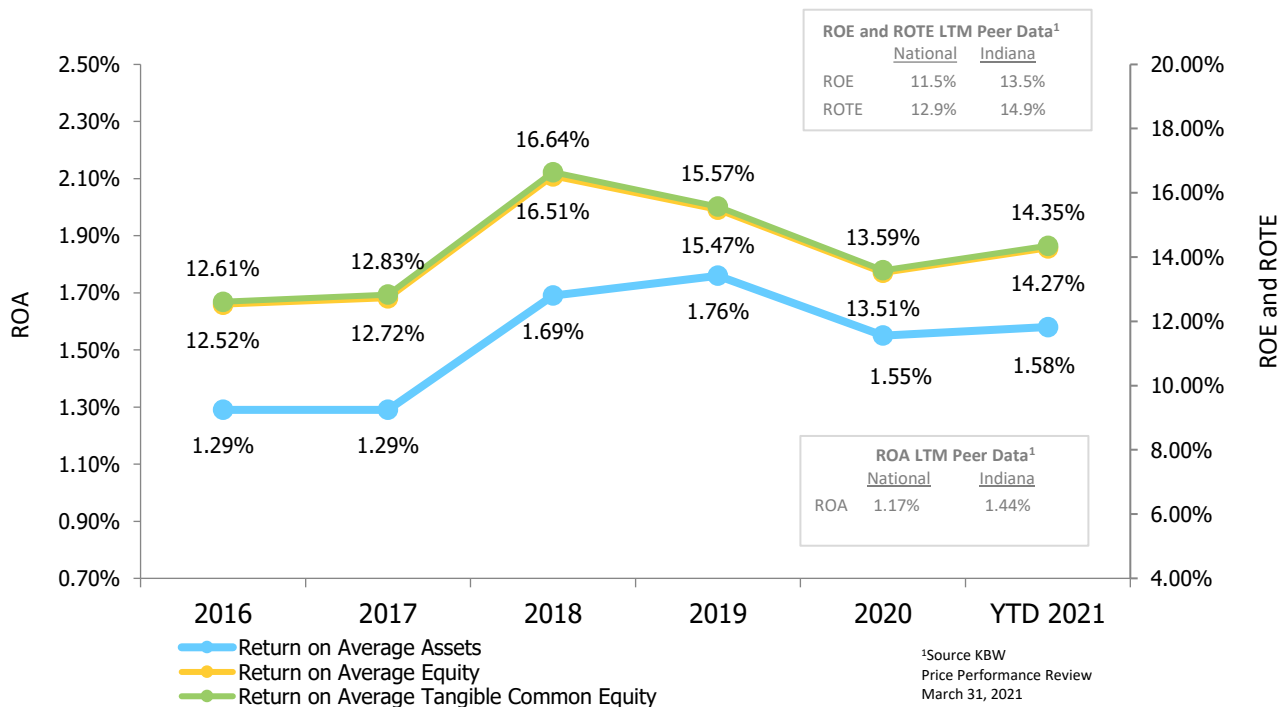
lakecitybank.com/digital

Lake City Bank
Member FDIC

Financial Performance

Income Performance Metrics

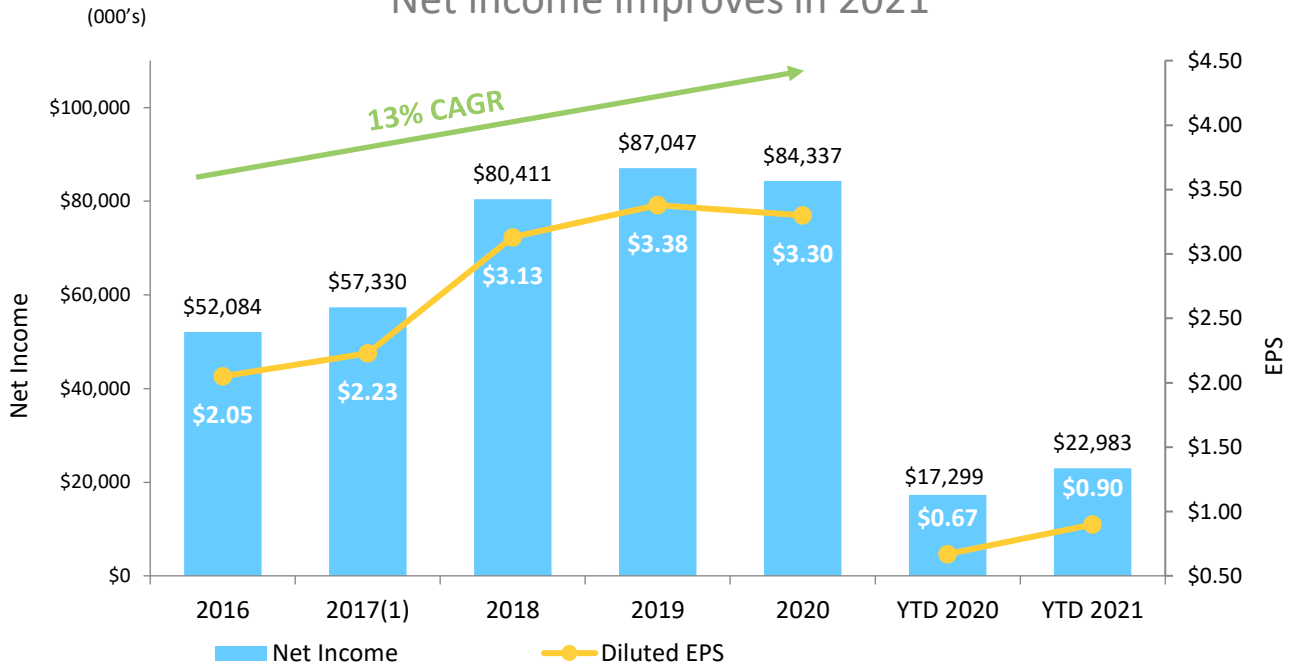
LKFN Performance Exceeds National and Indiana Peers



Note: Return on Average Tangible Common Equity is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the Fourth Quarter 2020 Earnings Press Release and Form 8-K.

Net Income and EPS

Net income improves in 2021

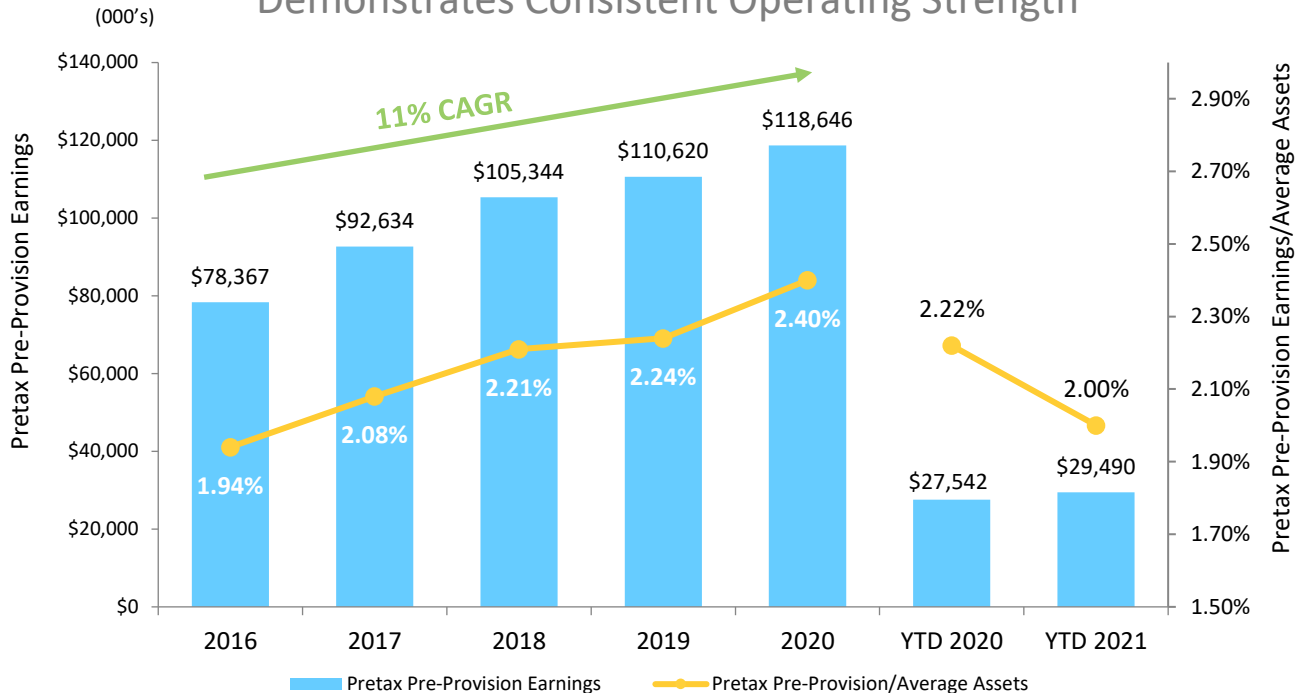


(1) Includes impact of tax reform of \$4.1 million income tax provision for 2017

2021 Net Income decline 33%
2021 Diluted EPS decline 34%

Pretax Pre-Provision Earnings

Demonstrates Consistent Operating Strength



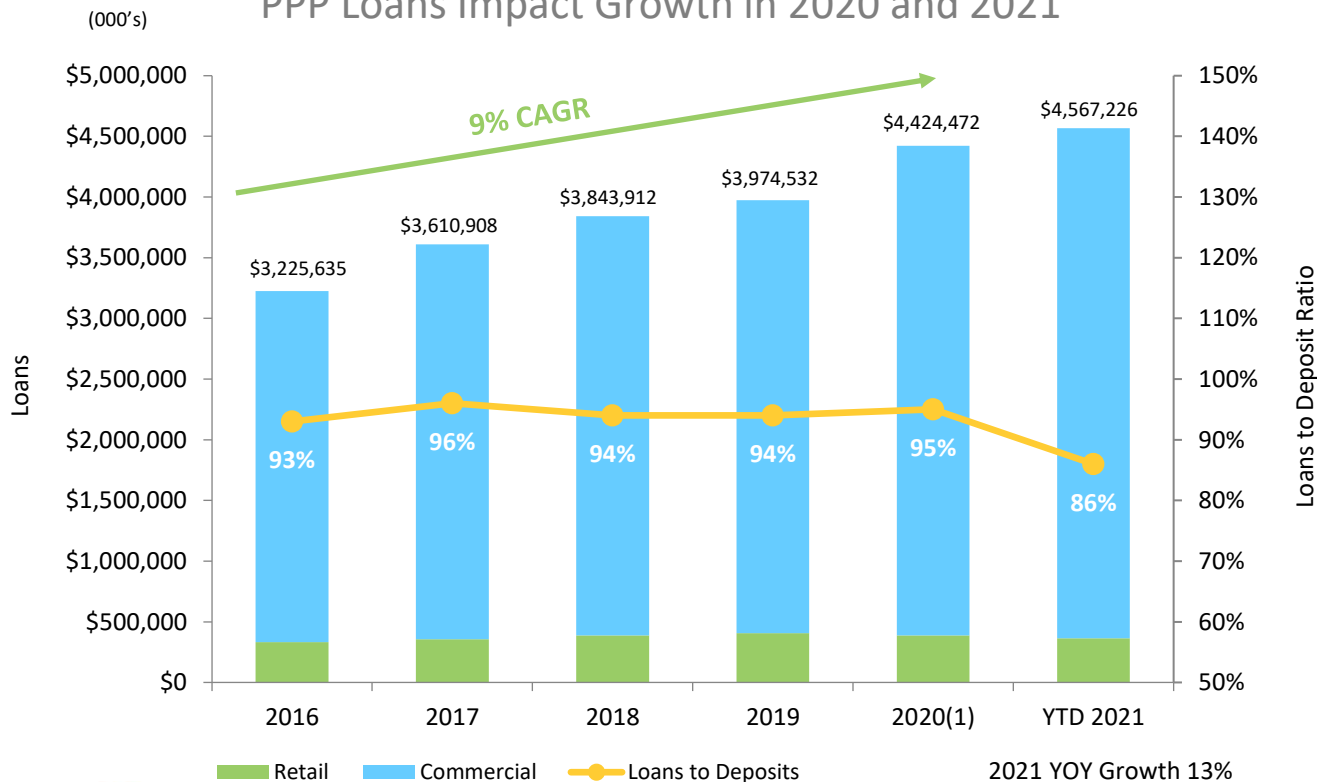
2020 Pretax Pre-Provision Earnings YOY Growth 7%



Note: Pretax Pre-Provision Earnings is a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" in the First Quarter 2021 Earnings Press Release and Form 8-K.

Average Loans

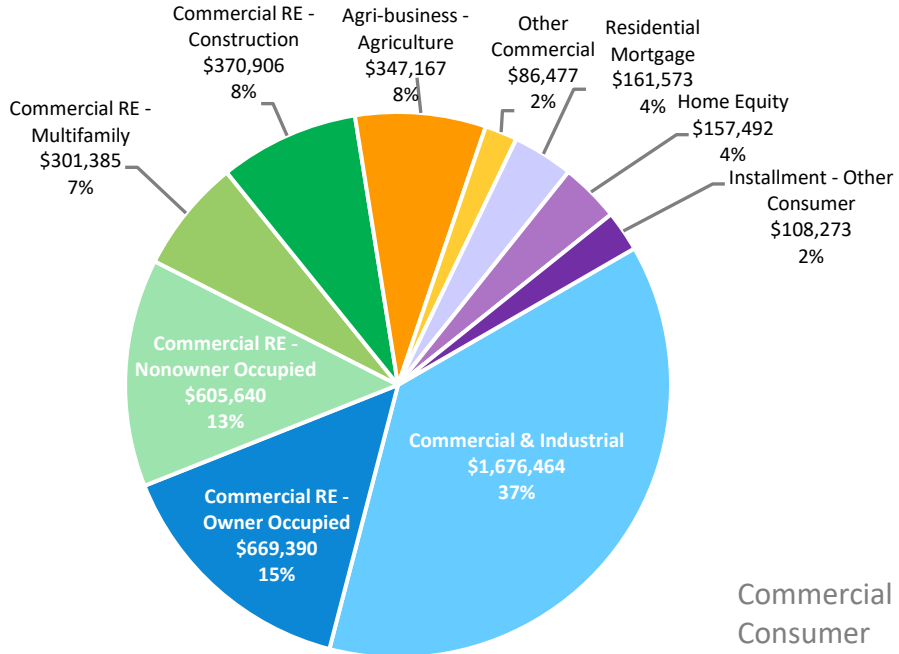
PPP Loans Impact Growth in 2020 and 2021



(1) Includes \$377 million in Average PPP loans in 2020 and \$403 million at March 31, 2021

Loan Breakdown

C&I Drives Lending Business



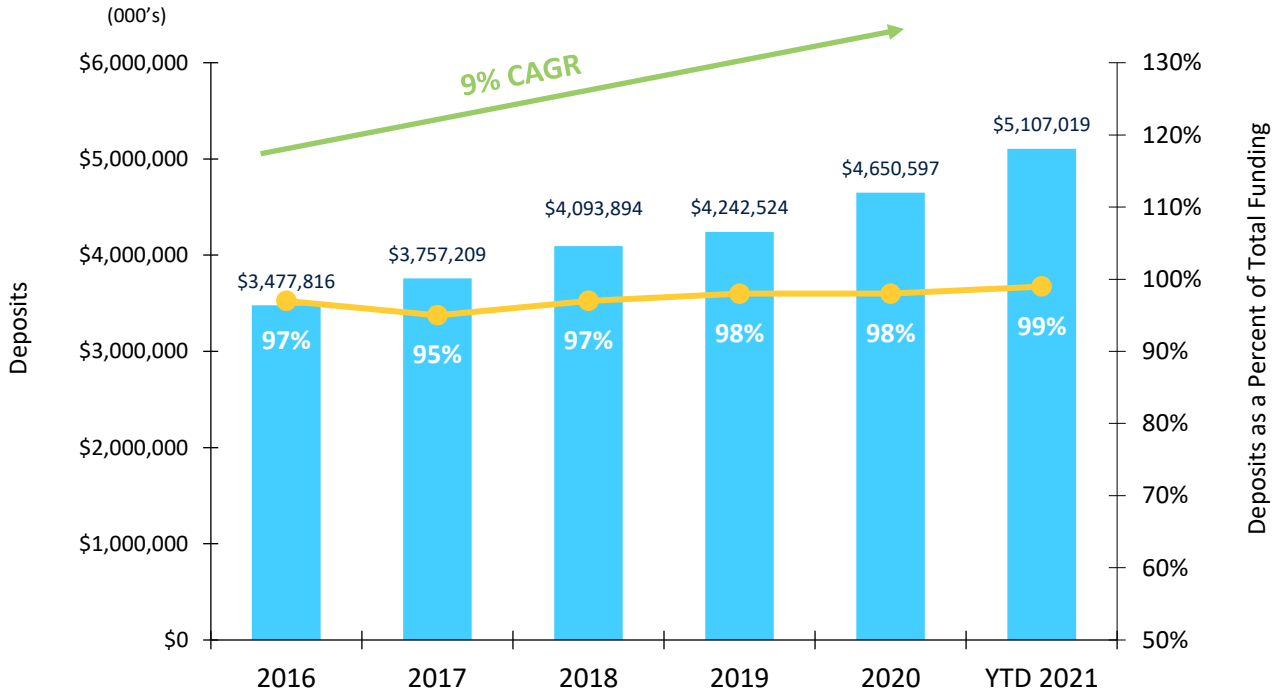
Commercial 91%
Consumer 9%

\$4.5 billion as of March 31, 2021

(000's)

Average Deposits

Core Deposits Grew by 25% or \$1 Billion Year-over-Year



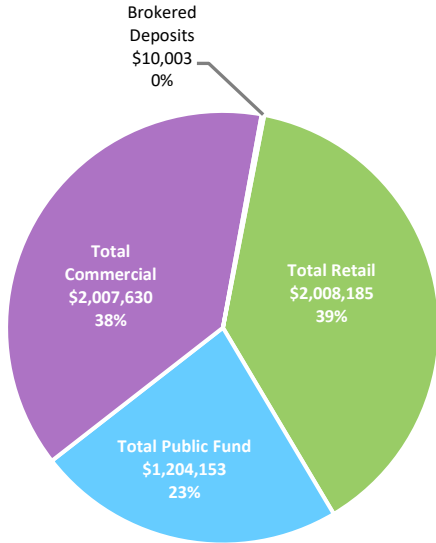
2021 YOY Growth 21%



Note: Core Deposits are defined as total deposits less brokered deposits

Deposit Breakdown

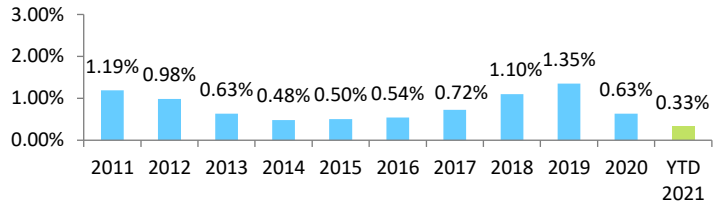
Demand Deposits Grew by \$546 million or 52% in One Year



March 31, 2021
Total Deposits - \$5.2 billion

(000's)

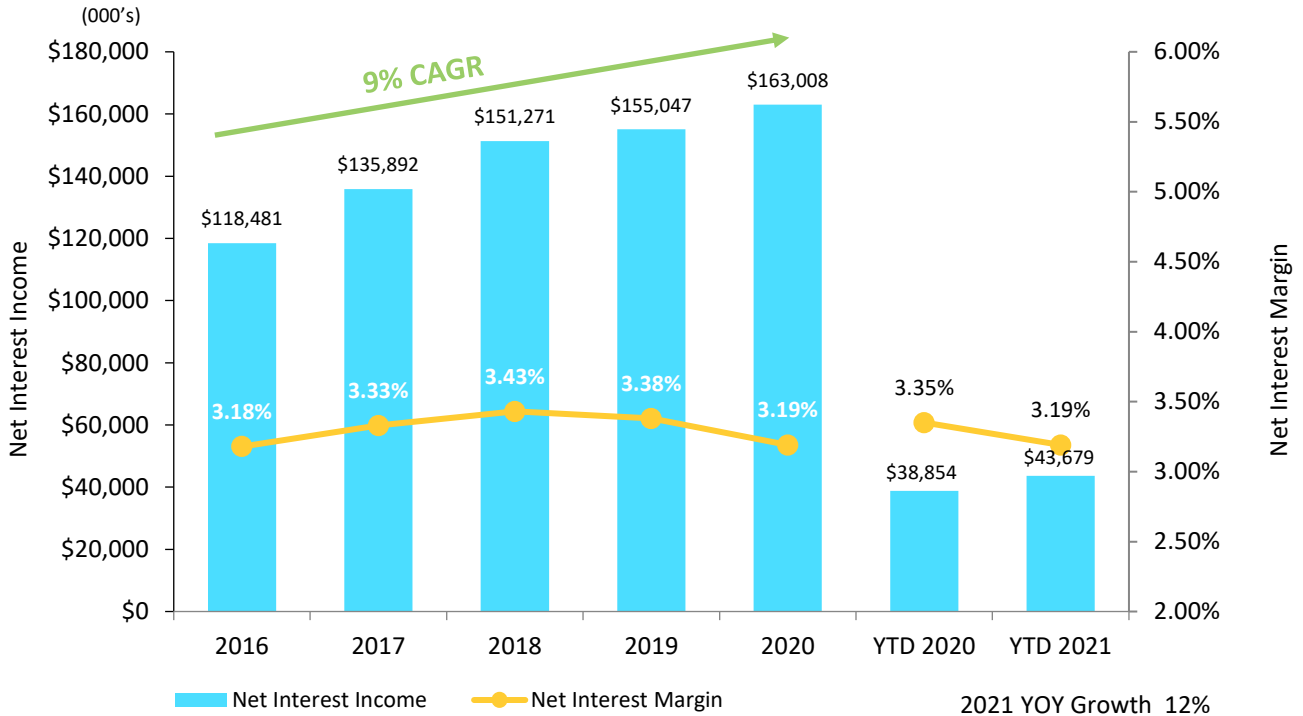
Cost of Deposits



Deposit Composition at end of period	2009	2021
Non-interest Bearing Demand Deposits	12%	30%
Interest Bearing Demand, Savings & MMA	34%	50%
Time Deposits > or = to \$100,000	35%	15%
Time Deposits < \$100,000	19%	4%
Total Deposits (billions)	\$1.9	\$5.2

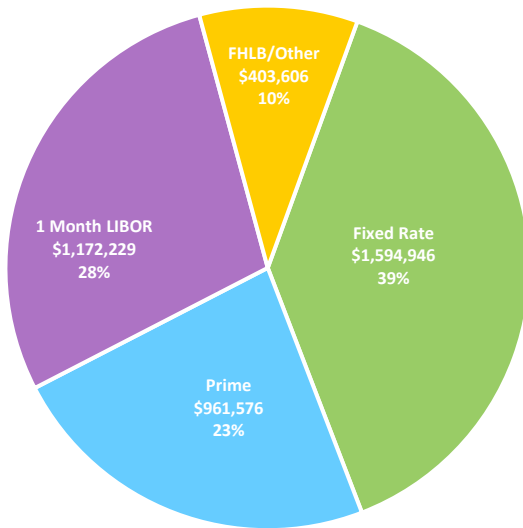
Net Interest Income

Growth in Net Interest Income Offset by Margin Compression



Interest Rate Sensitivity

Commercial Loan Portfolio Pricing Composition

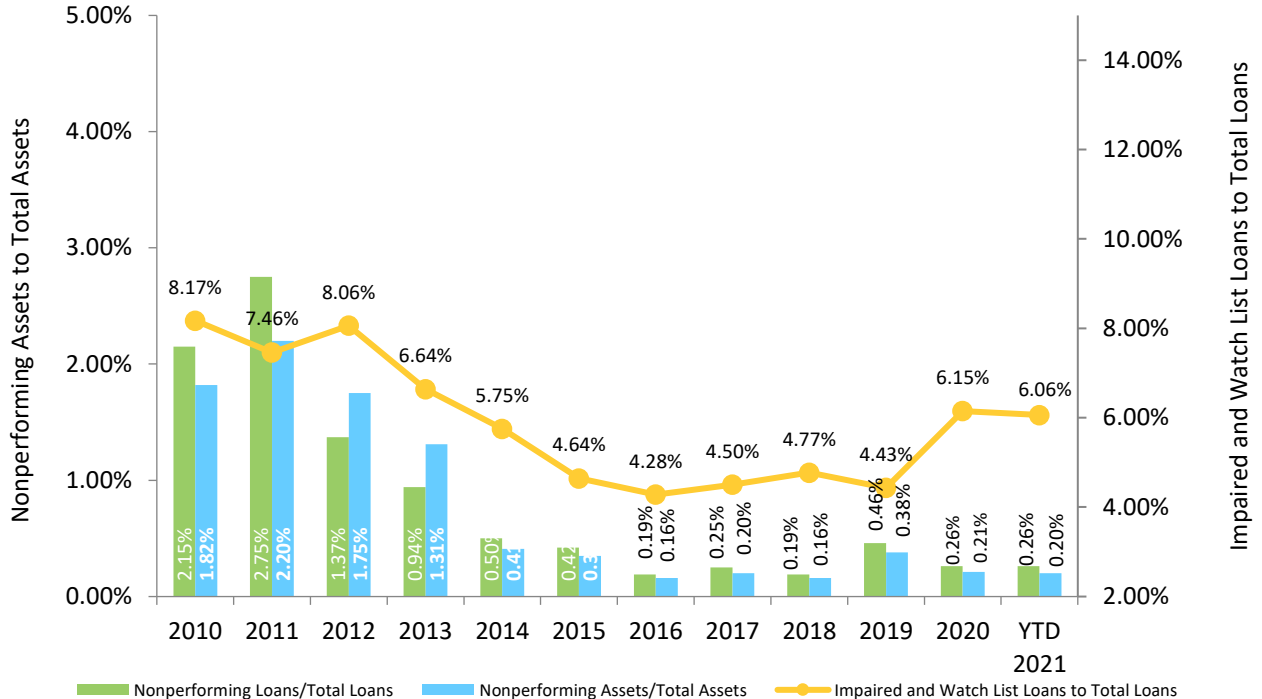


Commercial Loans
\$4.1 billion as of March 31, 2021
(000's)

- Proactive deposit pricing reductions
- 65% of Public Funds are tied to Fed Funds effective rate
- 91% of loan portfolio consists of commercial loans
- Fixed rate commercial loans have average terms of 5 years
- 33% of variable rate loans have floors
- Investment portfolio duration is 6.12 years

Asset Quality

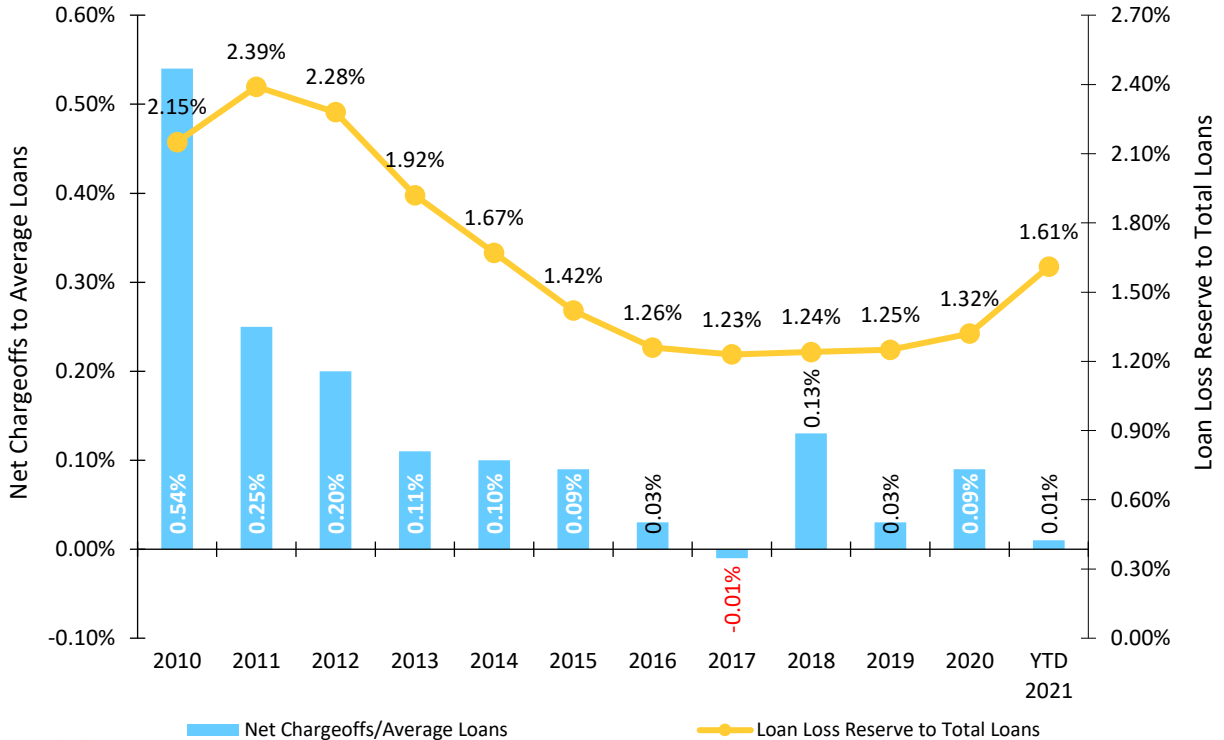
Nonperforming Levels are Low Despite Economic Challenges



Note: Impaired and watch list loans to total loans, excluding \$412 million of PPP Loans was 6.75% at December 31, 2020 and excluding \$398 million of PPP Loans was 6.65% at March 31, 2021

Asset Quality

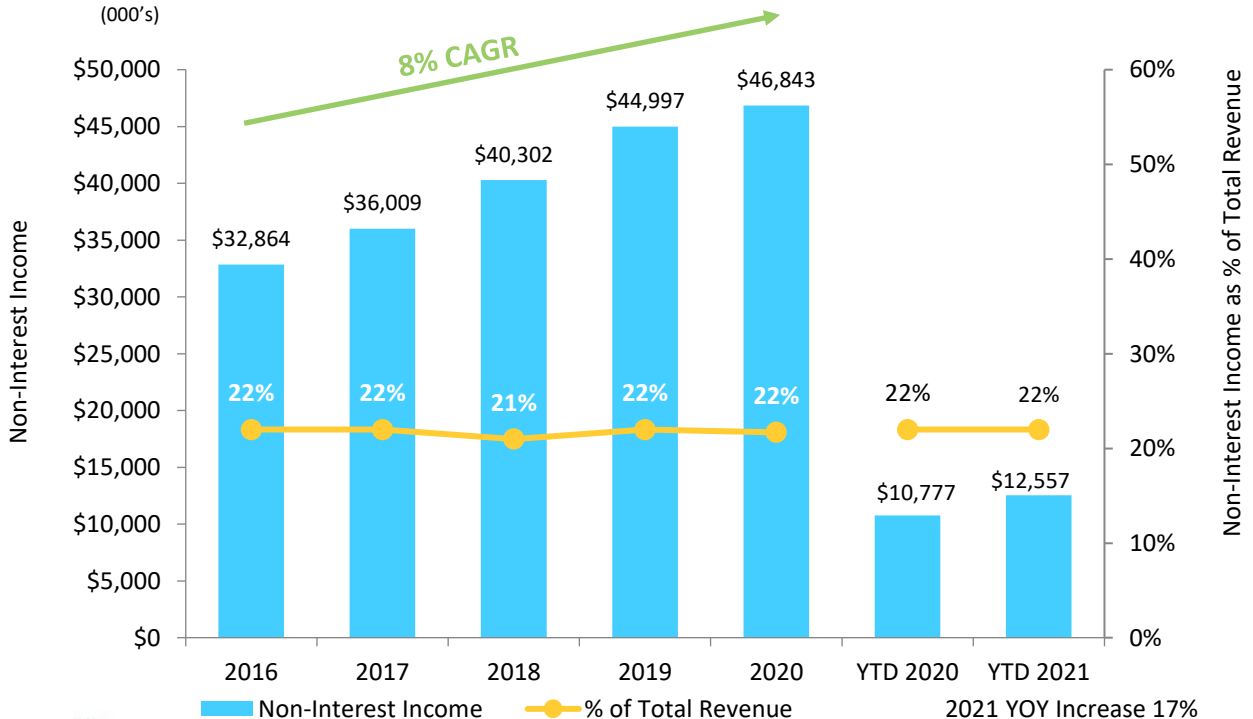
CECL Adopted effective January 1, 2021



Note: Loan loss reserve to total loans excluding PPP loans was 1.45% at December 31, 2020 and 1.76% at March 31, 2021

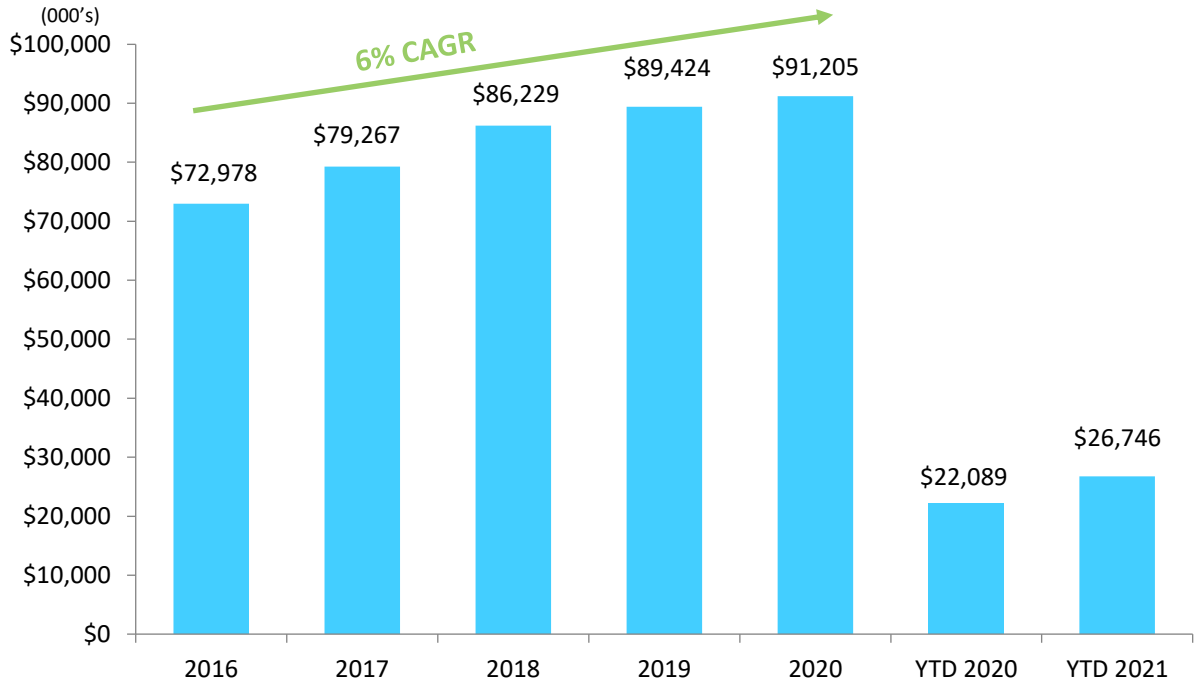
Non-Interest Income

Mortgage Banking Income is a Bright Spot in 2021



Non-Interest Expense

Disciplined Approach to Cost Structure While Continuing to Invest in the Future

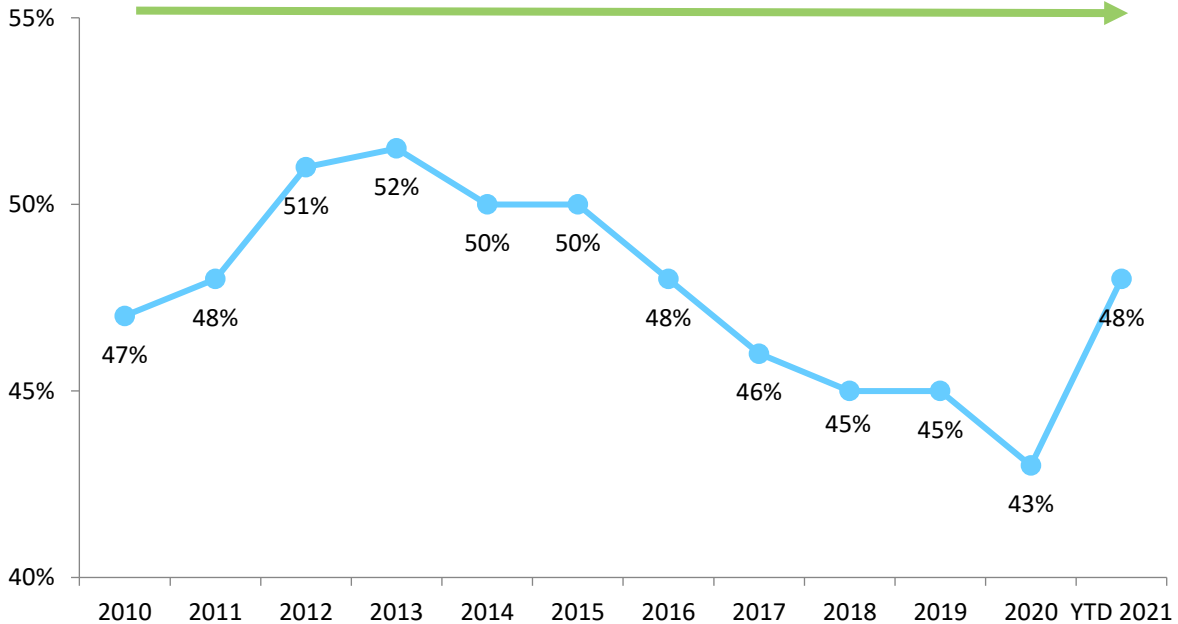


2021 YOY Increase 21%

Efficiency Ratio

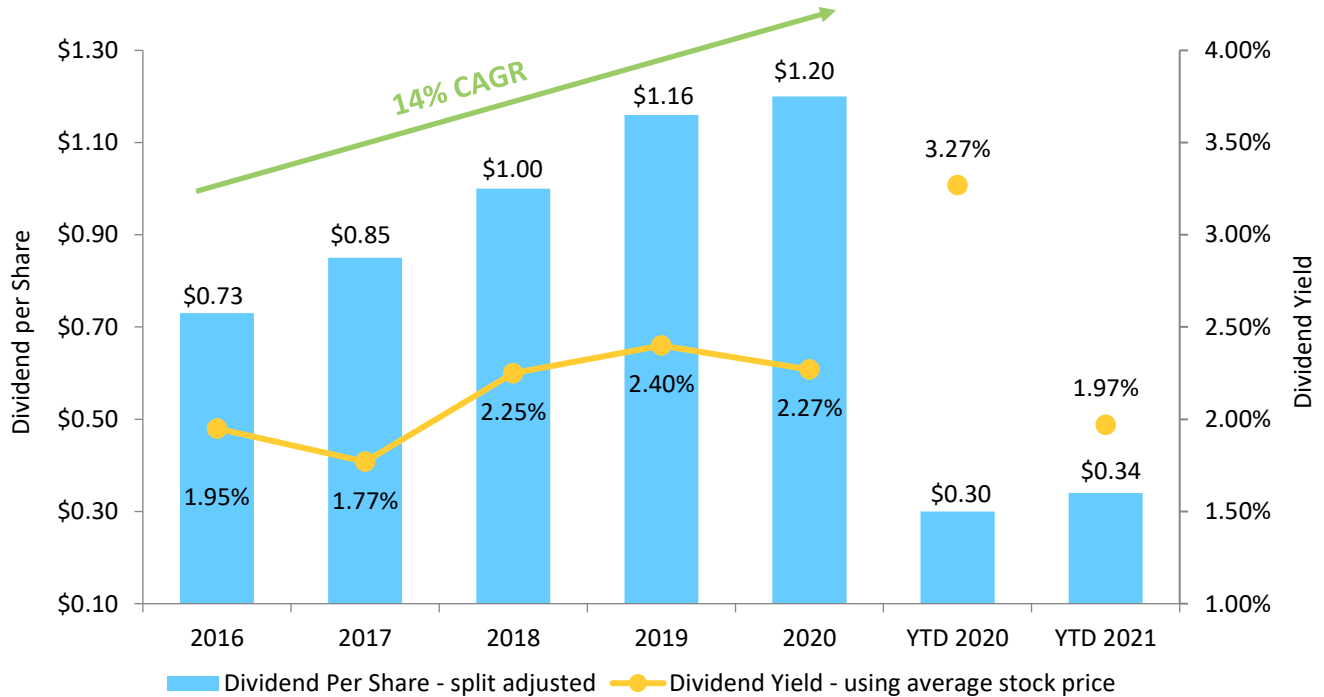
Revenue Growth is Primary Driver

Constant investment in technology and facilities



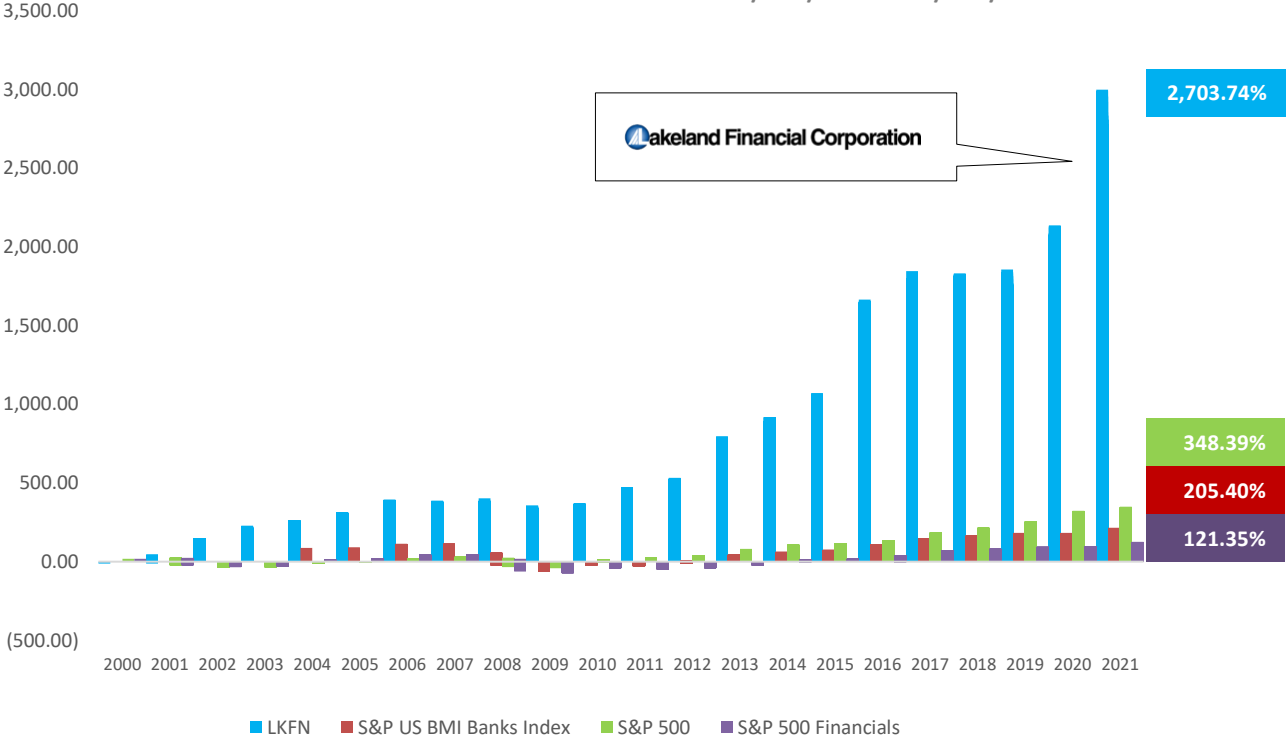
Stable Healthy Dividend

Dividend Reflects Strength of Balance Sheet



LKFN Shareholder Value

Total Return Performance from 12/31/00 to 3/31/21



Investment Highlights

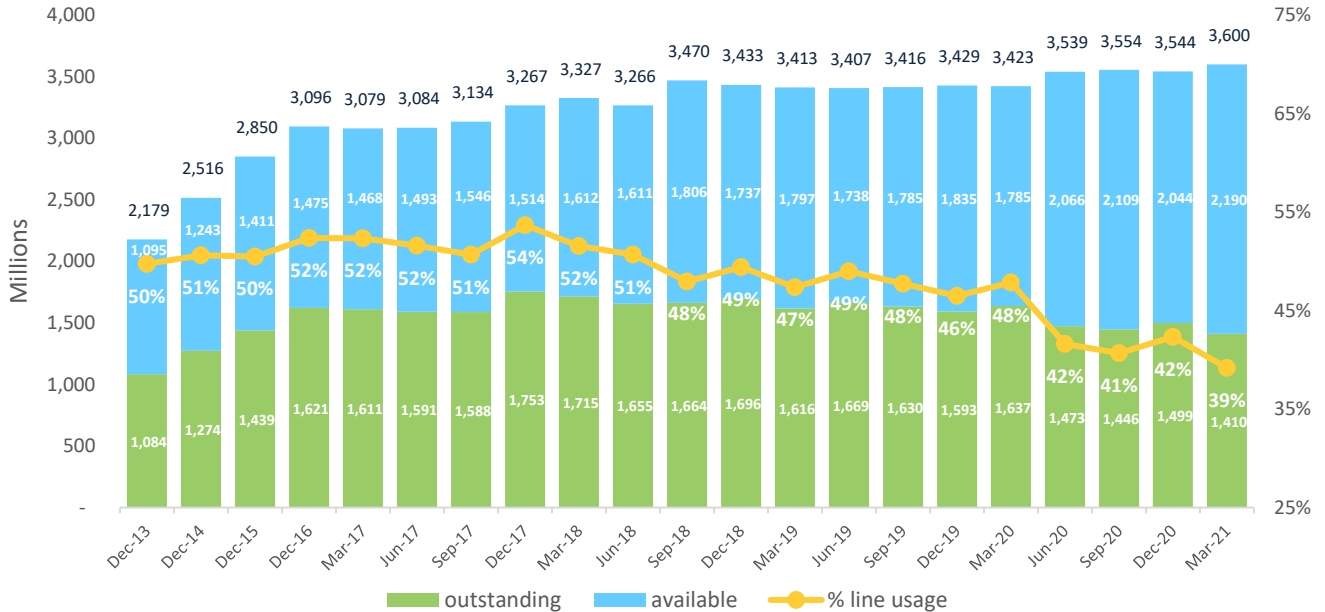
- Proven History of Organic Growth
- Disciplined and Focused Strategy
- Strong Internal Culture
- Consistent Execution
- Service Excellence Drives Shareholder Value

Supplemental Information

Liquidity

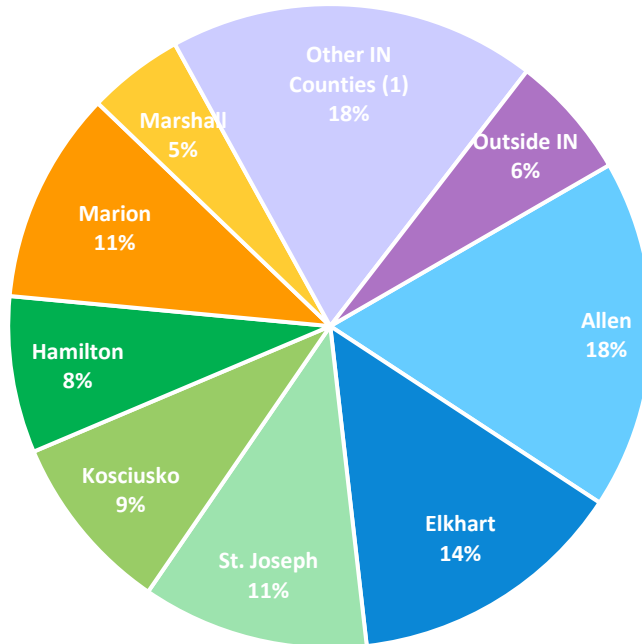
Line of Credit Utilization

March 31, 2021



Commercial Loans by County

Commercial Customers in 39 Indiana Counties and 18 Other States



Commercial Loans
Outstanding as of
3/31/2021
\$4.1 million

March 31, 2021
(000's)

Organic Growth

Larger Market Organic Expansion

State Rank	County	Primary City	Population*	LCB Entry	LCB Deposit Market Share**	# of Branches
20.	Kosciusko	Warsaw	79,456	1872	58%	12
6.	Elkhart	Elkhart	206,341	1990	23%	9
5.	St. Joseph	South Bend	271,286	1997	9%	4
3.	Allen	Fort Wayne	379,299	1999	14%	5
1.	Hamilton, Johnson, Marion	Indianapolis	1,460,760	2011	1%	6

* Source: STATS Indiana

** Source: FDIC 6/30/20 Statistics



Organic Growth

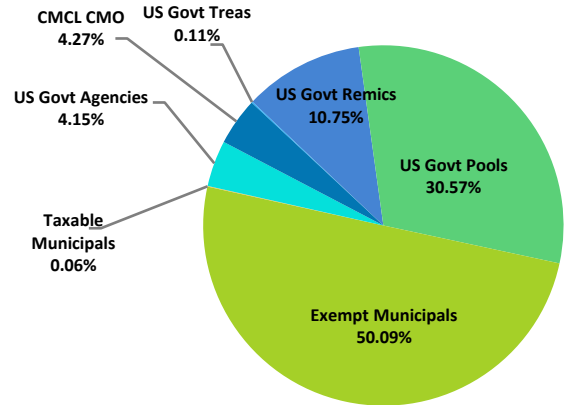
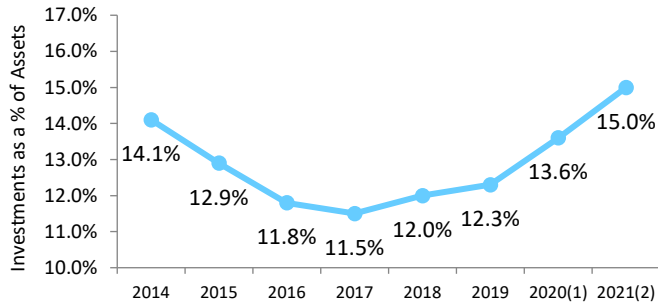
Mature Market Strength and Growth

(millions) ¹	2020		2010			2020 # of Offices
	<u>Deposits</u>	<u>Share</u>	<u>Deposits</u>	<u>Share</u>	<u>Increase</u>	
1. 1 st Source	\$4,433	19.68%	\$2,676	15.68%	65.66%	53
2. Lake City Bank	\$4,113	18.26%	\$2,133	12.50%	92.83%	50
3. JPM Chase	\$2,992	13.29%	\$1,593	10.81%	87.82%	22
4. PNC	\$1,626	7.22%	\$1,543	9.07%	5.38%	24
5. First Merchants	\$941	4.18%	\$600	3.52%	56.83%	12
6. Flagstar	\$841	3.74%	\$17	0.10%	4847.06%	24
7. Star	\$797	3.54%	\$459	2.69%	73.86%	11
8. KeyBank	\$696	3.09%	\$1,024	6.00%	(32.03)%	17
9. Old National	\$639	2.84%	\$722	4.20%	(11.50)%	9
10. Fifth Third	\$571	2.54%	\$369	2.16%	54.74%	10
Market Total	\$22,521		\$17,066		31.96%	



¹Mature Markets includes 12 Northern Indiana counties and excludes 3 Central Indiana counties
Adjusted to include branches subsequently acquired by surviving banks

Investment Portfolio – Source of Liquidity



March 31, 2021

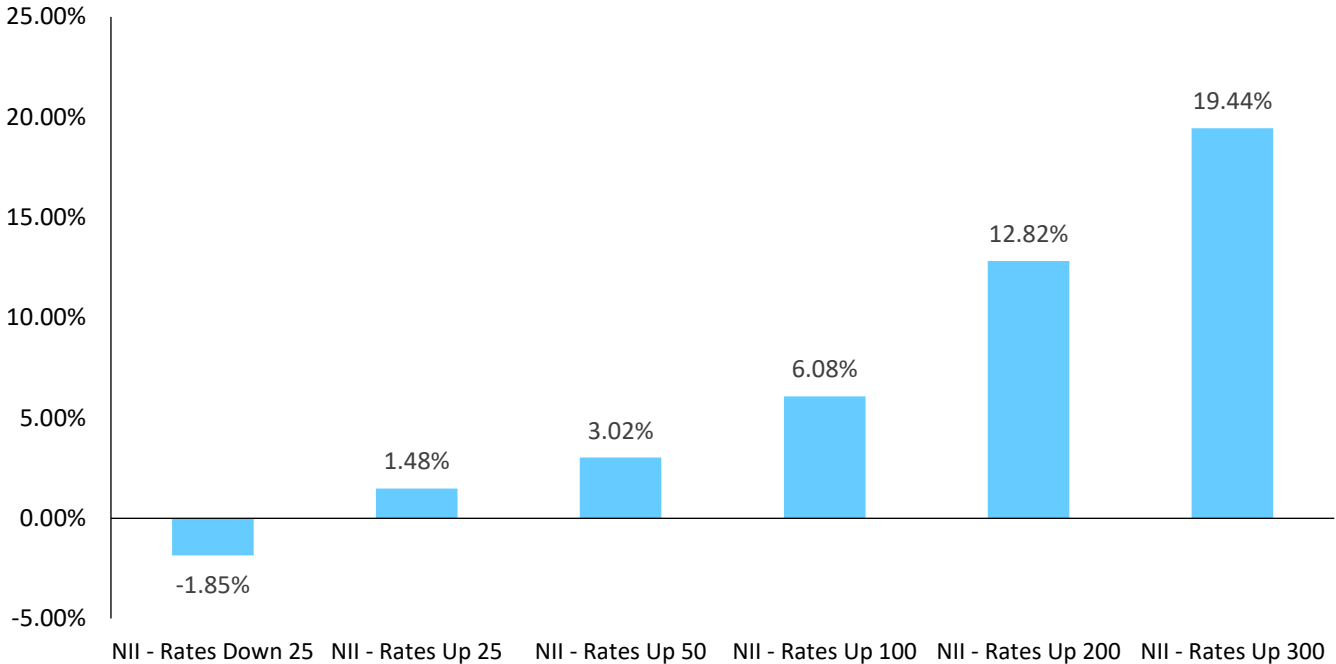
	Weighted Maturity	Book Yield	Duration	Market Value
US Govt REMICS	3.08	2.42%	4.14	90,387
US Govt Pools	7.10	2.06%	6.31	256,945
US Agencies	8.40	1.11%	9.93	34,890
US Treasury Notes/Bills	1.08	0.07%	1.08	900
Exempt Municipals (TEY)	15.68	3.38%	6.53	420,887
Taxable Municipals	0.17	3.00%	0.17	502
CMCL CMO	1.95	2.30%	1.47	35,918
Total (Tax-Equivalent Yield)	10.57	2.70%	6.12	\$840,429



(1) Ratio for 2020 excludes PPP loans of \$412 million in total assets
 (2) Ratio for 2021 excludes PPP loans of \$405 million in total assets

Projected Impact of Rising/Falling Rates

Asset Sensitive Balance Sheet



Graph presents 12 month projected net interest income simulation results as of March 31, 2021 using parallel shocks



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