



Lakeland Financial Corporation (LKFN)

Updated July 28th, 2025, by Kody Kester

Key Metrics

Current Price:	\$68	5 Year CAGR Estimate:	9.2%	Market Cap:	\$1.7B
Fair Value Price:	\$70	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	10/24/25 ¹
% Fair Value:	97%	5 Year Valuation Multiple Estimate:	0.7%	Dividend Payment Date:	11/03/25 ¹
Dividend Yield:	2.9%	5 Year Price Target	\$94	Years Of Dividend Growth:	12
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

Founded in 1872, Lakeland Financial Corporation is a community bank headquartered in Warsaw, Indiana. LKFN is the holding company for its wholly-owned subsidiary, Lake City Bank. Via its 54 branch offices, the company serves Northern Indiana and Central Indiana in the Indianapolis area. LKFN earns the distinction of being the third-oldest financial institution headquartered in Indiana. As of June 30th, 2025, it had \$7 billion in banking assets and \$3.4 billion in trust, and retirement and investment brokerage assets.

LKFN provides a variety of products and services to its commercial and consumer customers. Savings products include savings accounts, checking accounts, and money market accounts. On the loan side, the company offers consumer mortgage loans, construction loans, and agricultural loans. LKFN also provides customers with treasury management, wealth advisory, trust, and retail brokerage services.

Rather than emphasizing acquisitions to grow, the bank focuses on execution to drive organic business growth. Approximately two-thirds of the counties in which it has branch offices are classified as either growth or high-growth counties economically. Growth in the existing book of business and gradual openings of additional branch offices have led to record net income in 30 out of the past 34 years.

On July 25th, LKFN shared its earnings report for the second quarter ended June 30th, 2025. The company's net interest income grew by 13.6% year-over-year to \$54.9 million in the quarter. This was fueled by a combination of a 25 basis point expansion in the net interest margin to 3.42% and a 3.4% uptick in the average total loans during the quarter to \$5.23 billion. LKFN's non-interest income dropped 43.8% over the year-ago period to \$11.5 million for the quarter. That was entirely due to a \$9 million net gain on Visa shares recorded in Q2 2024. Backing this out, adjusted core non-interest income would have grown by about 1% in the quarter. LKFN's diluted EPS jumped 19.5% year-over-year to \$1.04 during the quarter. That beat the analyst consensus for the quarter by \$0.07.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.83	\$2.05	\$2.40	\$3.13	\$3.38	\$3.30	\$3.74	\$4.04	\$3.65	\$3.63	\$3.90	\$5.22
DPS	\$0.63	\$0.73	\$0.85	\$1.00	\$1.16	\$1.20	\$1.36	\$1.60	\$1.84	\$1.92	\$2.00	\$2.55
Shares²	24.8	24.9	25.0	25.1	25.4	25.2	25.3	25.4	25.4	25.5	25.5	26.0

LKFN's net interest margin improved by two basis points sequentially in Q2 2025. Its loan growth also remained strong, which is why we continue to think that annual diluted EPS growth will be around 6% over the medium term. In that time, we expect the share count will be relatively unchanged. That's due to LKFN not relying on share issuances to achieve its growth strategy.

¹ Estimated dates based on past dividend dates.

² Share count is in millions.



Lakeland Financial Corporation (LKFN)

Updated July 28th, 2025, by Kody Kester

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	17.0	23.1	20.2	12.9	14.4	16.2	21.4	18.1	17.8	18.8	17.4	18.0
Avg. Yld.	2.0%	1.5%	1.8%	2.5%	2.4%	2.2%	1.7%	2.2%	2.8%	2.8%	2.9%	2.7%

Over the last decade, LKFN's P/E ratio has ranged from as low as the low double-digits to as high as the mid-20s. In the past 10 years, the P/E ratio has averaged 18.0. The valuation multiple has also been steady in recent years, with a five-year average of 18.5. In the years ahead, we still think that a P/E ratio of 18 is a sensible fair value estimate. This is because LKFN's growth prospects look to be holding up. The current valuation multiple of 17.4 is slightly below our fair value multiple.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	34%	36%	35%	32%	34%	36%	36%	40%	50%	53%	51%	49%

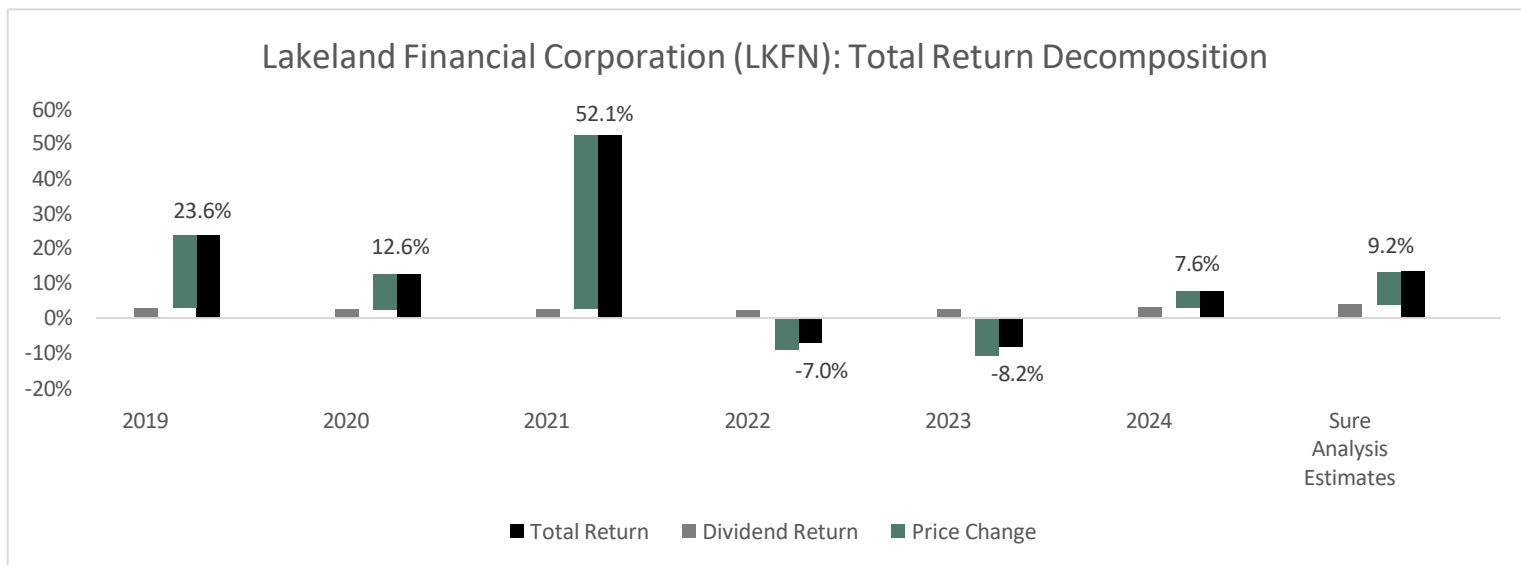
In its 153 years of operations, LKFN has built meaningful relationships with many of its customers. Along with its extensive product offerings, it helps to retain existing customers. This reputation also allows it to attract new customers.

LKFN's non-performing assets ratio improved by 39 basis points sequentially to 0.45%. The company's financial positioning also remained strong, with its Common Equity Tier 1 (CET1) ratio improving by 45 basis points over the year-ago period to 14.73%. LKFN's payout ratio remains positioned to be in the low-50% range in 2025, which would be about the same as last year. This is more elevated than some of the other community banks that we follow, so dividend growth will probably moderately lag diluted EPS growth for the foreseeable future.

Final Thoughts & Recommendation

LKFN's 2.9% dividend yield, 6.0% annual diluted EPS growth potential, and 0.7% annual valuation multiple upside could combine to deliver 9.2% annual total returns through 2030. This return potential remains respectable. Yet, we still think that there are other peers with better dividend coverage and similar return potential. This is why we're reiterating our hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Lakeland Financial Corporation (LKFN)

Updated July 28th, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	130	143	164	182	190	198	223	245	247	237
SG&A Exp.	44	47	52	54	54	54	60	61	63	68
D&A Exp.	4	5	6	6	6	7	8	7	6	6
Net Profit	46	52	57	80	87	84	96	104	94	93
Net Margin	35.7%	36.4%	35.0%	44.2%	45.9%	42.6%	43.0%	42.4%	38.0%	39.2%
Free Cash Flow	47	52	68	97	92	82	108	165	108	94
Income Tax	23	25	32	19	20	20	22	21	17	18

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,766	4,290	4,683	4,875	4,947	5,830	6,557	6,432	6,524	6,678
Cash & Equivalents	81	167	176	217	99	250	683	130	152	168
Accounts Receivable	9	12	14	16	15	19	18	28	30	28
Goodwill & Int.	5	5	5	5	5	5	5	5	5	5
Total Liabilities	3,373	3,863	4,214	4,354	4,349	5,173	5,852	5,863	5,874	5,994
Accounts Payabl	4	6	6	10	12	6	3	3	21	-
Long-Term Debt	101	211	111	201	170	86	75	275	50	0
Shareholder's Equity	393	427	469	522	598	657	705	569	650	684
LTD/E Ratio	0.26	0.49	0.24	0.39	0.28	0.13	0.11	0.48	0.08	0.00

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.3%	1.3%	1.3%	1.7%	1.8%	1.6%	1.5%	1.6%	1.4%	1.4%
Return on Equity	12.3%	12.7%	12.8%	16.2%	15.5%	13.4%	14.1%	16.3%	15.4%	14.0%
Shares Out.	24.8	24.9	25.0	25.1	25.4	25.2	25.3	25.4	25.4	25.7
Revenue/Share	5.14	5.62	6.38	7.07	7.36	7.74	8.70	9.52	9.60	9.22
FCF/Share	1.85	2.06	2.64	3.77	3.57	3.19	4.20	6.40	4.20	3.66

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.