Lakeland Financial Corporation (LKFN)

Updated October 27th, 2025, by Kody Kester

Key Metrics

Current Price:	$60	**5 Year CAGR Estimate:**	12.0%	**Market Cap:**	$1.5B
Fair Value Price:	$70	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	01/23/26[1]
% Fair Value:	85%	**5 Year Valuation Multiple Estimate:**	3.3%	**Dividend Payment Date:**	02/04/26[1]
Dividend Yield:	3.3%	**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 55 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 September 30th, 2025, it had $6.9 billion in banking assets and $3.6 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 October 27th, LKFN released its financial results for the third quarter ended September 30th, 2025. The company's net interest income surged 13.8% over the year-ago period to $56.1 million during the quarter. That was powered by a mix of a 34-basis-point expansion in the net interest margin to 3.5% and a modest uptick in the total earning assets in the quarter. LKFN's noninterest income grew by 8.7% year-over-year to $13 million for the quarter, which was due to greater loan and service fees and bank owned life insurance income. LKFN's diluted EPS climbed 13.2% higher over the year-ago period to $1.03 during the quarter. That was $0.01 shy of the analyst consensus in the quarter.

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***
Shares[2]	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 eight basis points sequentially in Q3 2025. Its loan growth also remained strong, which is why we continue to think that annual diluted EPS growth will be around 6% through 2030, off an anticipated 2025 base of $3.90. 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.

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[1] Estimated dates based on past dividend dates.
[2] Share count is in millions.

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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	***15.3***	***18.0***
Avg. Yld.	2.0%	1.5%	1.8%	2.5%	2.4%	2.2%	1.7%	2.2%	2.8%	2.8%	***3.3%***	***2.7%***

Over the last decade, LKFN's P/E ratio has varied from as low as the low double-digits to as much 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 continue to believe that a P/E ratio of 18 is a rational fair value estimate. This is because LKFN's growth prospects are arguably intact. The current valuation multiple of 15.3 is moderately less than our fair value P/E ratio.

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%***

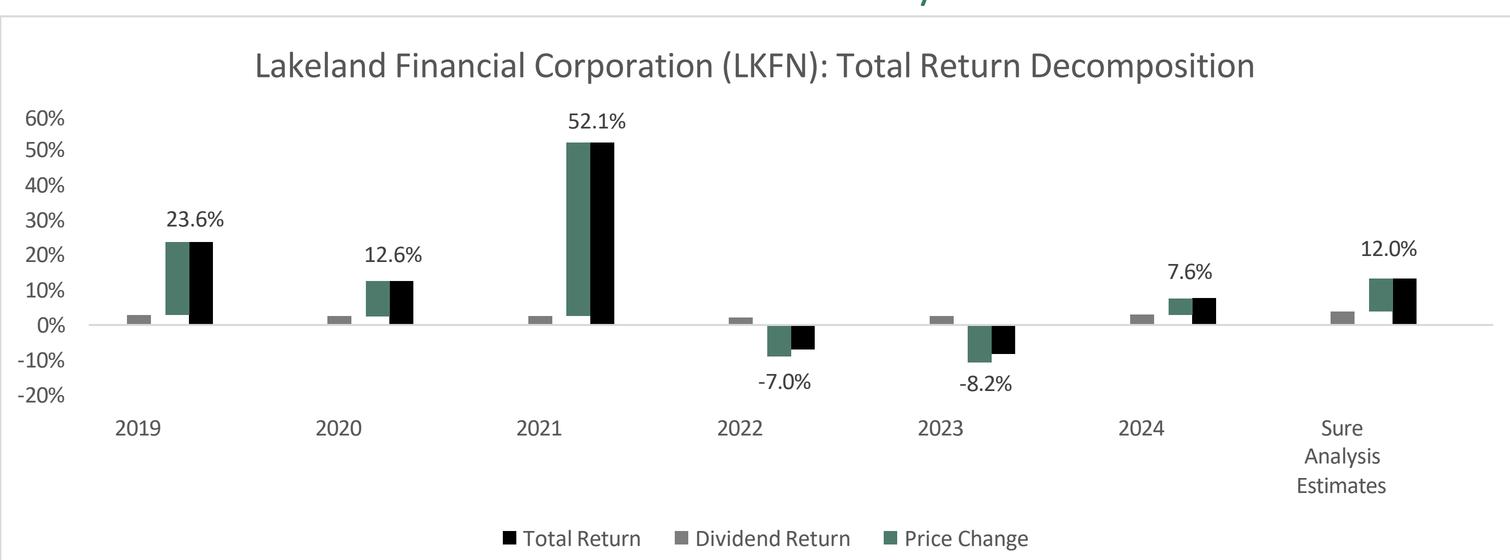
In its 153 years of operations, LKFN has built meaningful relationships with many of its customers. Along with its extensive product offerings, it helps to retain existing customers. This reputation also allows it to attract new customers.

LKFN's non-performing assets ratio improved by 17 basis points sequentially to 0.28%. The company's financial positioning also remained strong, with its Common Equity Tier 1 (CET1) ratio improving by 33 basis points over the year-ago period to 15.06%. 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 lag diluted EPS growth for the foreseeable future.

Final Thoughts & Recommendation

LKFN's 3.3% dividend yield, 6.0% annual diluted EPS growth potential, and 3.3% annual valuation multiple upside could combine to deliver 12.0% annual total returns through 2030. This is a solid return potential. However, we believe there are peers with comparable return potential and more secure dividends. That's why we're maintaining 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.

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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.