# Lakeland Financial Corporation (LKFN)

*Updated January 26th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $61 | **5 Year CAGR Estimate:** | 11.4% | **Market Cap:** | $1.5B |
| **Fair Value Price:** | $71 | **5 Year Growth Estimate:** | 5.5% | **Ex-Dividend Date:** | 01/25/26 |
| **% Fair Value:** | 86% | **5 Year Valuation Multiple Estimate:** | 3.1% | **Dividend Payment Date:** | 02/05/26 |
| **Dividend Yield:** | 3.4% | **5 Year Price Target** | $93 | **Years Of Dividend Growth:** | 14 |
| **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 December 31st, 2025, it had $7 billion in banking assets and $3.7 billion in trust, 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.

On January 26th, LKFN shared its earnings report for the fourth quarter ended December 31st, 2025. The company's net interest income climbed 10.6% year-over-year to $57.2 million in the quarter. This was fueled by a combination of a 23 basis-point expansion in the net interest margin to 3.48% and a 2.6% increase in the average earning asset balance during the quarter. LKFN's noninterest income grew by 6.1% over the year-ago period to $12.6 million for the quarter. That was made possible by higher wealth advisory fees, investment brokerage fees, service fees on deposit accounts, and bank-owned life insurance in the quarter. LKFN's diluted EPS soared 23.4% year-over-year to $1.16 during the quarter. This surpassed the analyst consensus for the quarter by $0.10. Earlier in the month, LKFN also announced a 4% increase in its quarterly dividend per share to $0.52. That will be payable on February 5th to shareholders of record as of January 25th, which will mark the 14th consecutive year of dividend growth for LKFN.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $2.05 | $2.40 | $3.13 | $3.38 | $3.30 | $3.74 | $4.04 | $3.65 | $3.63 | $4.01 | ***$4.20*** | ***$5.49*** |
| **DPS** | $0.73 | $0.85 | $1.00 | $1.16 | $1.20 | $1.36 | $1.60 | $1.84 | $1.92 | $2.00 | ***$2.08*** | ***$2.59*** |
| **Shares[1]** | 24.9 | 25.0 | 25.1 | 25.4 | 25.2 | 25.3 | 25.4 | 25.4 | 25.5 | 25.2 | ***25.2*** | ***25.0*** |

LKFN's net interest margin fell by two basis points sequentially in Q4 2025. As more interest rate cuts work their way through the economy, this should provide further room for the company's net interest margin to expand. LFKN's loan growth continues to remain solid, which is why we believe that annual diluted EPS can grow by 5.5% through 2031, off an anticipated 2026 base of $4.20. In that time, we expect the share count to be relatively unchanged. That's due to LKFN not relying on share issuances to achieve its growth strategy.

[1] Share count is in millions.

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## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 23.1 | 20.2 | 12.9 | 14.4 | 16.2 | 21.4 | 18.1 | 17.8 | 18.8 | 14.2 | ***14.6*** | ***17.0*** |
| **Avg. Yld.** | 1.5% | 1.8% | 2.5% | 2.4% | 2.2% | 1.7% | 2.2% | 2.8% | 2.8% | 3.5% | ***3.4%*** | ***2.8%*** |

Over the last decade, LKFN's P/E ratio has ranged from as little as the low double-digits to as much as the mid-20s. In the past 10 years, the average P/E ratio was just below 18. The valuation multiple has also been steady in recent years, with a five-year average of just above 18. In the years ahead, we think that a P/E ratio of 17 is a rational fair value estimate. This is because LKFN's growth prospects are mostly holding up versus the past. The current valuation multiple of 14.6 is moderately less than our fair value P/E ratio.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 36% | 35% | 32% | 34% | 36% | 36% | 40% | 50% | 53% | 50% | ***50%*** | ***47%*** |

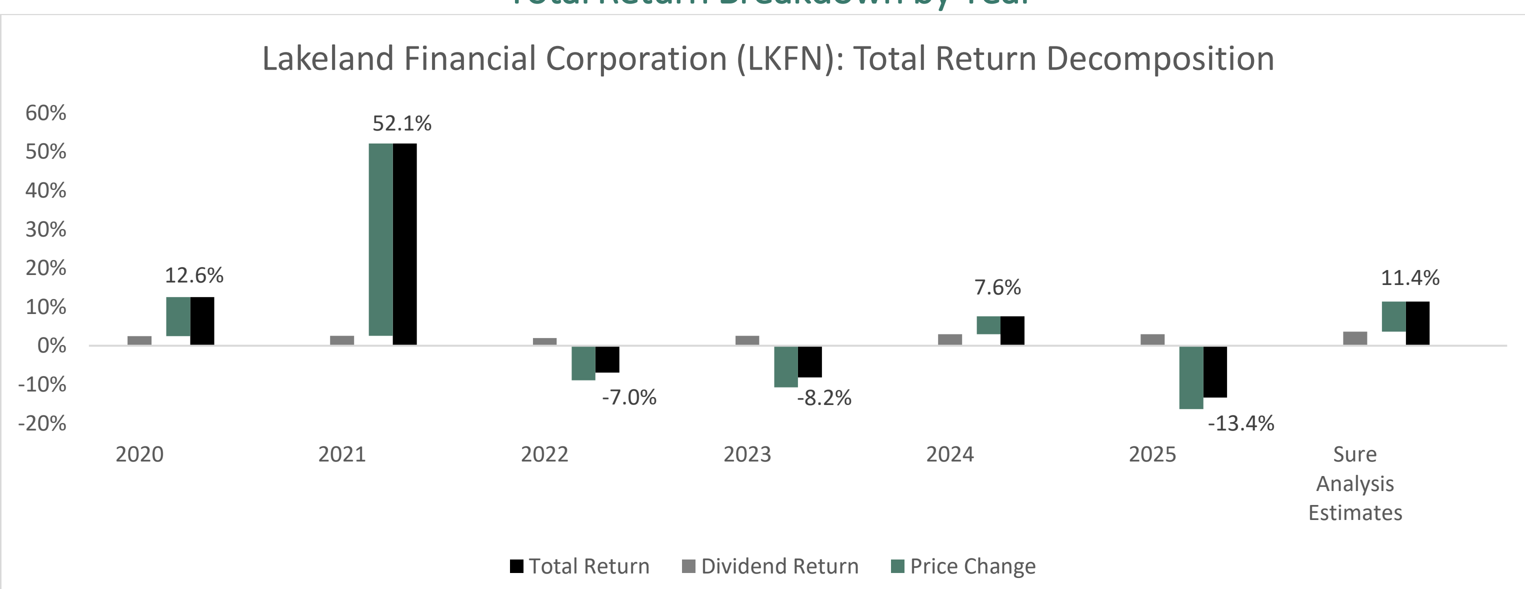
In its 154 years of operations, LKFN has built meaningful relationships with many of its customers. Along with its extensive product offerings, it helps to retain existing customers. This reputation also allows it to attract new customers.

LKFN's non-performing assets ratio remained very robust, worsening just two basis points sequentially to 0.30% to close out 2025. The company's financial positioning held up as well, with its Common Equity Tier 1 (CET1) ratio only declining by 28 basis points sequentially to around 14.8%. 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 3.4% dividend yield, 5.5% annual diluted EPS growth potential, and 3.1% annual valuation multiple upside could combine to deliver 11.4% annual total returns through 2031. This is a solid return potential. However, we continue to think there are peers with comparable return potential and more secure dividends. That's 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.*

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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 Payable | 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.*