Lakeland Financial Corporation (LKFN)

Updated April 27th, 2026, by Kody Kester

Key Metrics

Current Price:	$61	**5 Year CAGR Estimate:**	12.6%	**Market Cap:**	$1.5B
Fair Value Price:	$73	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	07/24/26[1]
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.8%	**Dividend Payment Date:**	08/04/26[1]
Dividend Yield:	3.4%	**5 Year Price Target**	$98	**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 March 31st, 2026, it had $7.1 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 April 27th, LKFN released its financial results for the first quarter ended March 31st, 2026. The company's net interest income grew by 7.4% over the year-ago period to $56.8 million during the quarter. That was powered by a combination of a 4.6% uptick in the earning assets balance and a nine-basis-point expansion in the net interest margin to 3.49% in the quarter. LKFN's noninterest income rose by 18.3% for the quarter to $12.9 million. Higher bank owned life insurance income and interest rate swap fee income contributed to this surge in noninterest income during the quarter. LKFN's diluted EPS soared 33.3% year-over-year to $1.04 in the quarter. This topped the analyst consensus for the quarter by $0.03.

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	***$4.31***	***$5.77***
DPS	$0.73	$0.85	$1.00	$1.16	$1.20	$1.36	$1.60	$1.84	$1.92	$2.00	***$2.08***	***$2.72***
Shares[1]	24.9	25.0	25.1	25.4	25.2	25.3	25.4	25.4	25.5	25.2	***24.9***	***23.0***

LKFN's net interest margin edged one basis point higher sequentially in Q1 2026. 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 6.0% through 2031, off an anticipated 2026 base of $4.31. In that time, we expect the share count to gradually decrease. That's due to LKFN not relying on share issuances to achieve its growth strategy.

[1] Estimated based on past dividend dates.

[2] Share count is in millions.

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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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	***14.1***	***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 varied from as low 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 look to be largely intact. The current valuation multiple of 14.1 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%	***48%***	***47%***

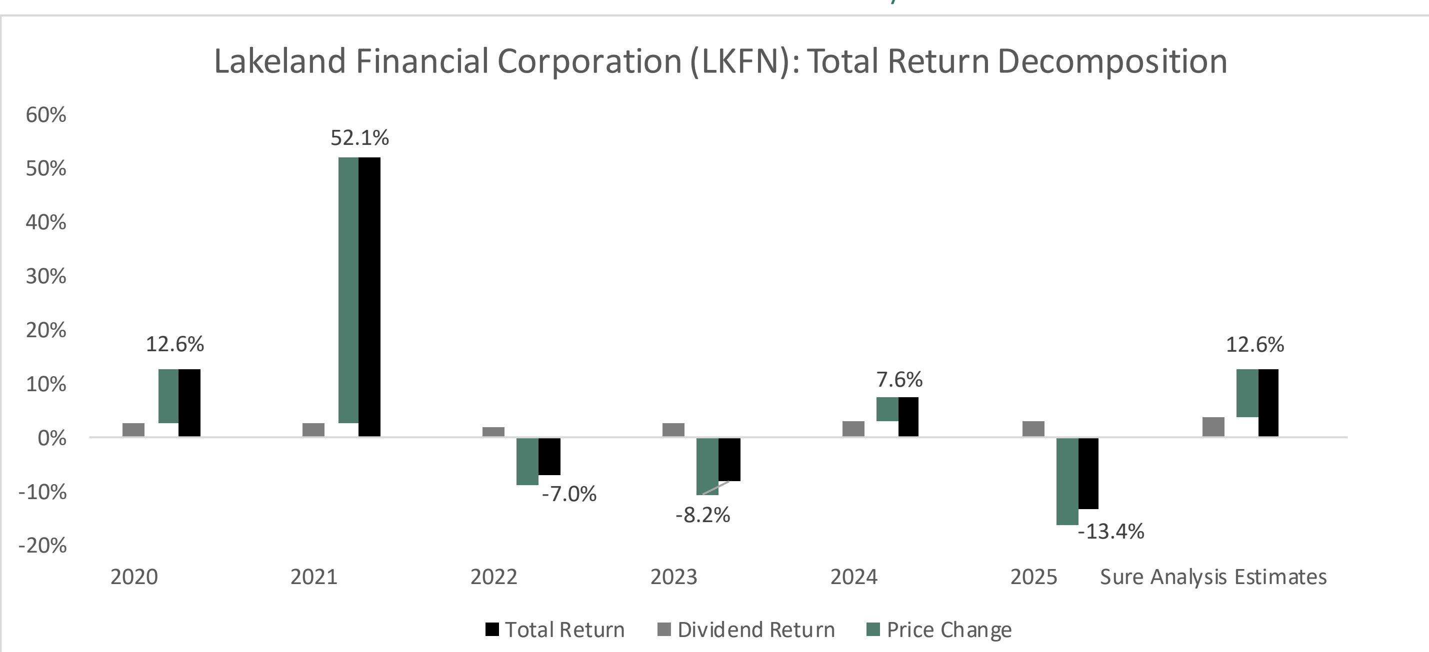
In its 150+ years of operations, LKFN has built meaningful relationships with many of its customers. Along with its extensive product offerings, it helps to retain existing customers. This reputation also allows it to attract new customers.

LKFN's non-performing assets ratio remained very robust, with it being unchanged sequentially to 0.30% to close out Q1 2026. The company's financial positioning held up as well, with its Common Equity Tier 1 (CET1) ratio only declining by 32 basis points sequentially to 14.45%. LKFN's payout ratio remains positioned to be in the high-40% range in 2026. 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, 6.0% annual diluted EPS growth potential, and 3.8% annual valuation multiple upside could combine to deliver 12.6% annual total returns through 2031. This is a solid return potential. However, we still believe there are peers with comparable return potential and more secure dividends. As a result, we're maintaining our Hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	170	200	239	260	240	235	281	395	430	422
D&A Exp.	5	6	6	6	7	8	7	6	6	6
Net Profit	52	57	80	87	84	96	104	94	93	103
Net Margin	30.7%	28.6%	33.6%	33.5%	35.1%	40.7%	36.9%	23.8%	21.7%	24.5%
Free Cash Flow	50	64	95	88	74	100	146	108	94	91
Income Tax	25	32	19	20	20	22	21	17	18	22

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,290	4,683	4,875	4,947	5,830	6,557	6,432	6,524	6,678	6,990
Cash & Equivalents	142	140	192	69	74	52	81	70	72	57
Goodwill & Int.	5	5	5	5	5	5	5	5	5	5
Total Liabilities	3,863	4,214	4,354	4,349	5,173	5,852	5,863	5,874	5,994	6,228
Long-Term Debt	31	31	31	5	79	79	5	4	6	20
Shareholder's Equity	427	469	522	598	657	705	569	650	684	762
LTD/E Ratio	0.61	0.39	0.53	0.29	0.14	0.11	0.53	0.08	0.01	0.25

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.3%	1.3%	1.7%	1.8%	1.6%	1.5%	1.6%	1.4%	1.4%	1.5%
Return on Equity	12.7%	12.8%	16.2%	15.5%	13.4%	14.1%	16.3%	15.4%	14.0%	14.3%
Shares Out.	24.9	25.0	25.1	25.4	25.2	25.3	25.4	25.4	25.5	25.2
Revenue/Share	6.66	7.80	9.29	10.10	9.38	9.19	10.94	15.34	16.69	16.35
FCF/Share	1.98	2.48	3.68	3.40	2.91	3.90	5.68	4.21	3.63	3.52

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

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