

Raymond James
Investor Meetings
October 2010

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.

Strategic Overview

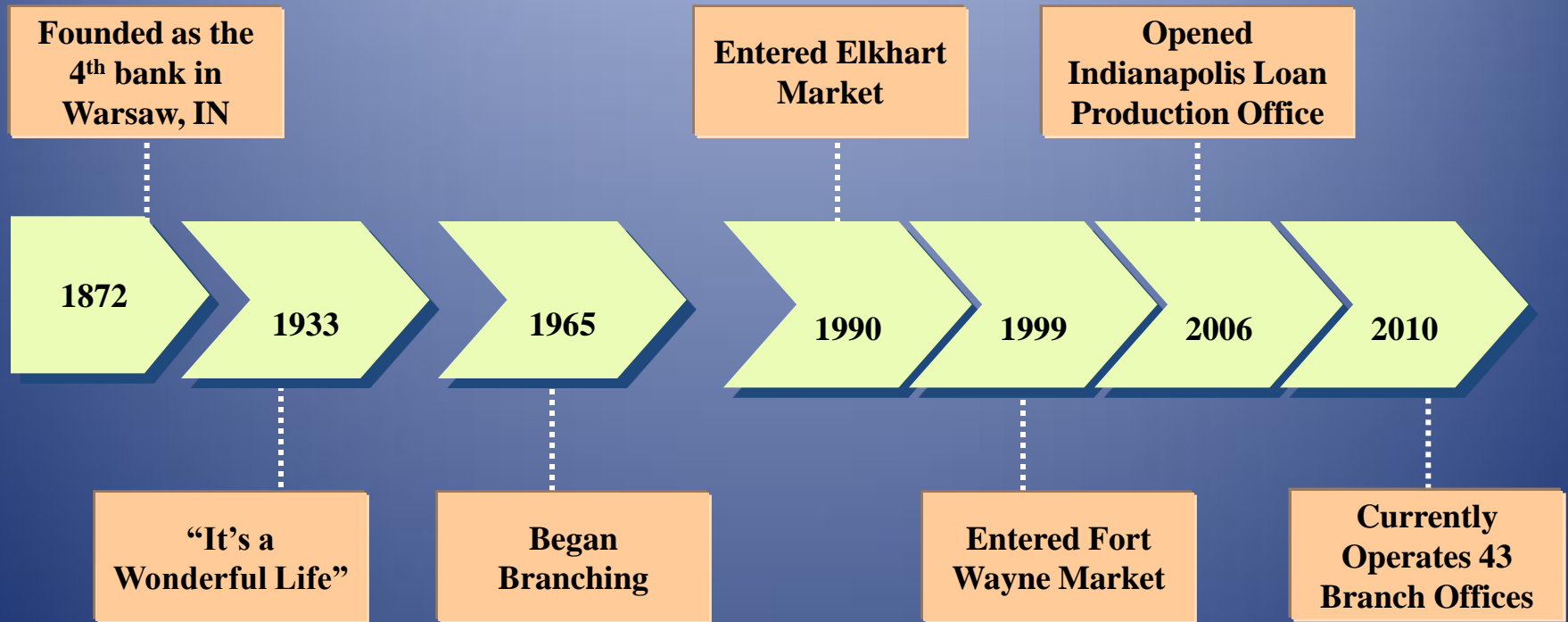
Michael L. Kubacki

Chairman & CEO

Lake City Bank Today

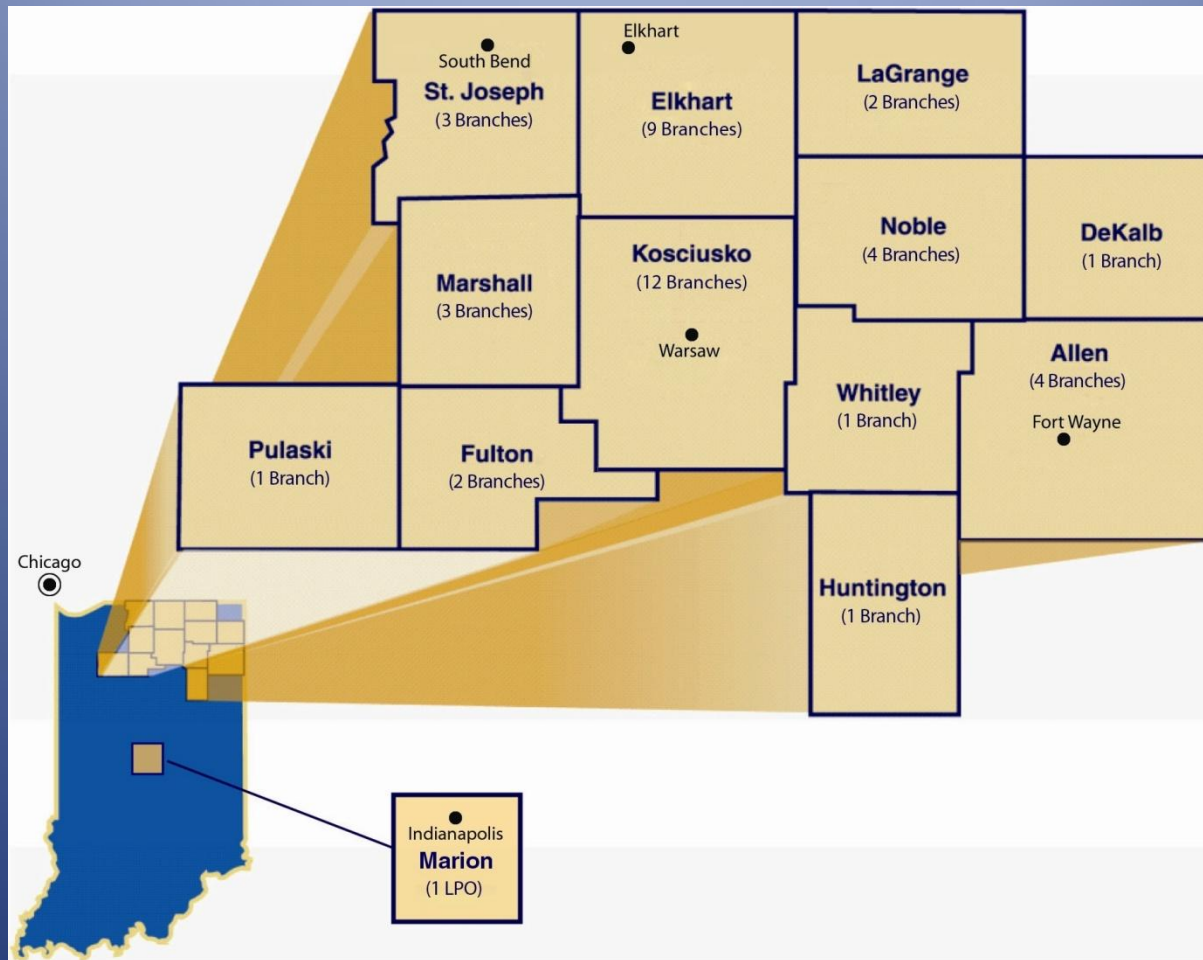
- Headquartered in Warsaw, Indiana
- 43 branch offices and 1 Loan Production office
- 457 FTEs
- \$2.6 billion banking assets
- \$900 million trust assets
- Regional franchise
- Low market shares – high growth potential

Historical Highlights



Diversified Market Area

13 Counties and 30 Communities



Home Market - Warsaw

- **Orthopedic Capital of the World**
 - Enterprises earn more than \$11 billion in annual revenues, representing more than a 50% market share in the US and more than 33% market share in the World
 - Zimmer, Biomet, and DePuy headquartered in Warsaw
- **50% deposit market share**
- **Stable deposit growth**
- **County population of 76,275 and deposit base of \$1.3 billion**

Northern Indiana

Bad News

- Recession has hit region hard
- Unemployment in footprint ranges from 10% to 16%
- Impact to manufacturing base has been significant

Good News

- Diverse economic region
- Well established industrial base and service sectors
- Significant borrower diversification
- No substantial industry concentrations in loan portfolio
- Economic recovery is beginning

Growth Strategy

Business Owner Focus

Expanding Into Larger Markets

High Quality People

Business Owner Focus

- **33 Corporate Banking Officers**
- **Average 20 years experience in banking**
- **Average 8 years at Lake City Bank**

Business Owner Focus Relationship Strategy

- Lead with Credit
- Understand Client Needs
- Cross-sell Aggressively
- Want Clients, Not Borrowers

Business Owner Focus Credit Process

- Centralized/Committee Approvals
- Focus on Management/Cash Flow
- Collateral and Guarantees
- Orientation Toward Owner-Occupied RE

Business Owner Focus

Face to Face Contact

- Establish our people as the competitive advantage
- Over 108 Calling Officers
- 22,039 Business Contacts
- 14,453 Calls in 2009



Expand Into Larger Markets

<u>State Rank</u>	<u>County</u>	<u>Primary City</u>	<u>Population*</u>	<u>LCB Entry</u>	<u>LCB Deposit Market Share**</u>	<u># of Branches</u>
19.	Kosciusko	Warsaw	76,275	1872	50%	12
6.	Elkhart	Elkhart	199,137	1990	17%	9
5.	St. Joseph	South Bend	266,680	1997	3%	3
3.	Allen	Fort Wayne	350,523	1999	4%	4
1.	Marion	Indianapolis	880,380	2006	NA	LPO

* Source: STATS Indiana

** Source: FDIC 6/30/09 Statistics



Larger Markets

Lake City Bank Market Area* Deposit Performance

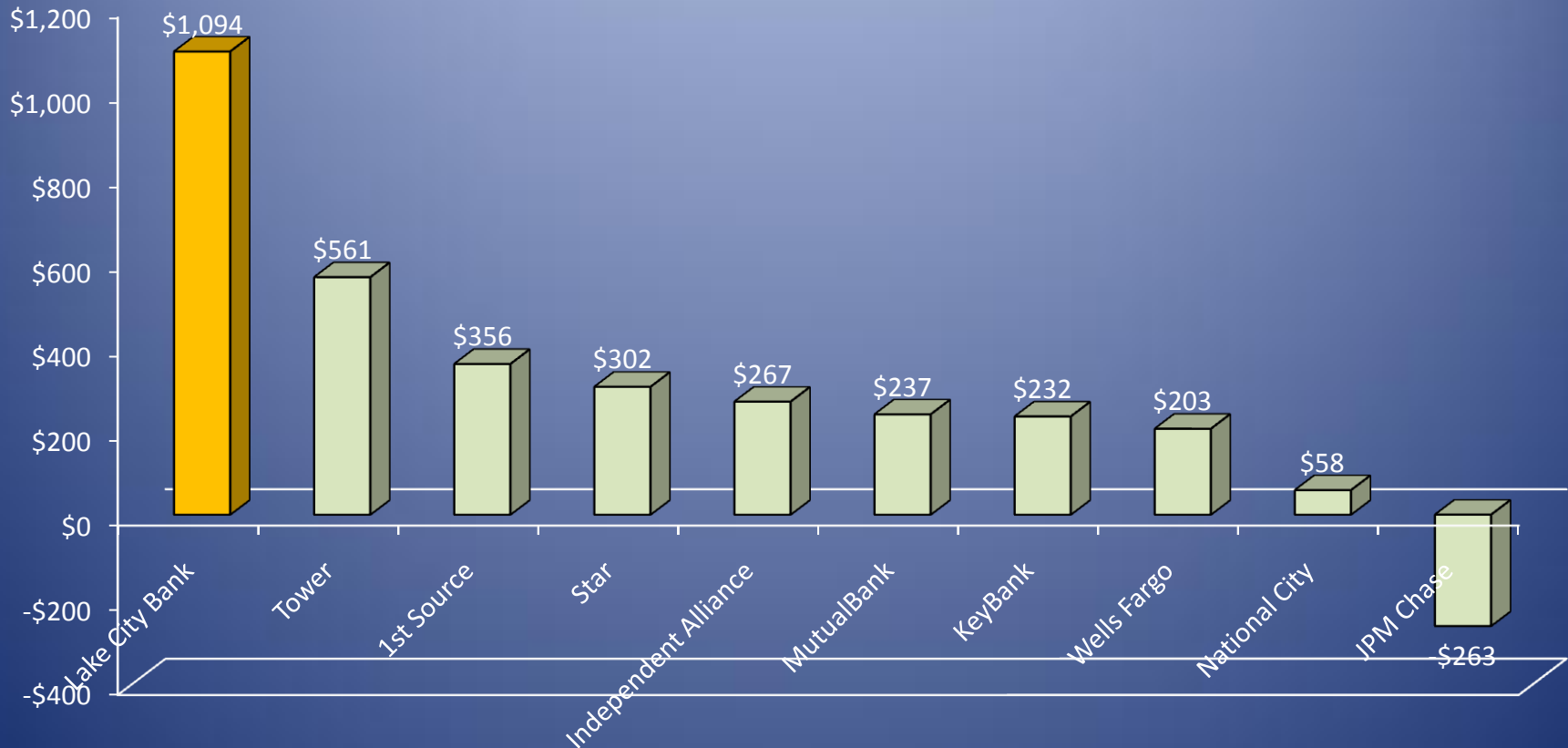
<i>(millions)</i>	<u>2009</u>		<u>1999</u>		<u>Increase</u>	<u># of Offices</u>
	<u>Deposits</u>	<u>Share</u>	<u>Deposits</u>	<u>Share</u>		
1. 1st Source	\$2,676	17.16%	\$2,321	16.99%	15.34%	49
2. Lake City Bank	\$1,735	11.13%	\$642	5.54%	170.40%	44
3. National City	\$1,650	10.58%	\$1,593	13.74%	3.64%	42
4. JPM Chase	\$1,484	9.51%	\$1,747	15.07%	(15.05)%	32
5. Wells Fargo	\$1,225	7.85%	\$1,022	8.81%	19.86%	28
6. KeyBank	\$1,045	6.70%	\$814	7.02%	28.50%	26
7. Tower Bank	\$596	3.82%	\$35	0.30%	1602.86%	7
8. Independent Alliance	\$518	3.32%	\$251	2.17%	106.37%	12
9. Star	\$476	3.05%	\$174	1.50%	173.56%	12
10. MutualBank	\$434	2.78%	\$197	1.70%	120.30%	17
Market Total:	\$15,602		\$11,592		34.59%	

* Includes the counties of Kosciusko, Elkhart, St. Joseph, Marshall, Allen, Whitley, Huntington, LaGrange, Noble, DeKalb, Fulton and Pulaski

** Adjusted to include branches subsequently acquired by surviving banks
Source: SNL Financial

Larger Markets

Market Area Deposit Performance



2009 vs. 1999



* Includes the counties of Kosciusko, Elkhart, St. Joseph, Marshall, Allen, Whitley, Huntington, LaGrange, Noble, DeKalb, Fulton and Pulaski

** Adjusted to include branches subsequently acquired by surviving banks
Source: SNL Financial.

Quality People

Lake City Bank Culture

- **Honesty**
- **Client Service**
- **Profitability**
- **Community Service**
- **Professional Development**
- **Stewardship**
- **Independence**

Quality People

Community Involvement

- Company-wide involvement
- Connections with hundreds of community groups
- Thousands of volunteer hours



Quality People

Lake City University

- Over 90 instructor-led courses, seminars, workshops and live webinars
- 17,000 Contact Hours
- Average 34 hours training per employee
- Over 3400 online courses completed through e-learning



Quality People Best Places Finalist

In my workgroup, we actively seek to understand customer needs

I understand our organization's mission and strategic goals

Our senior leadership has the capabilities necessary for us to be successful

This organization actively contributes to the community

I understand how my job contributes to this organizations success

“Strongly Agree –
Strongly Disagree”

92 – 0

94 – 0

95 – 0

96 – 0

98 – 0

Investment Highlights

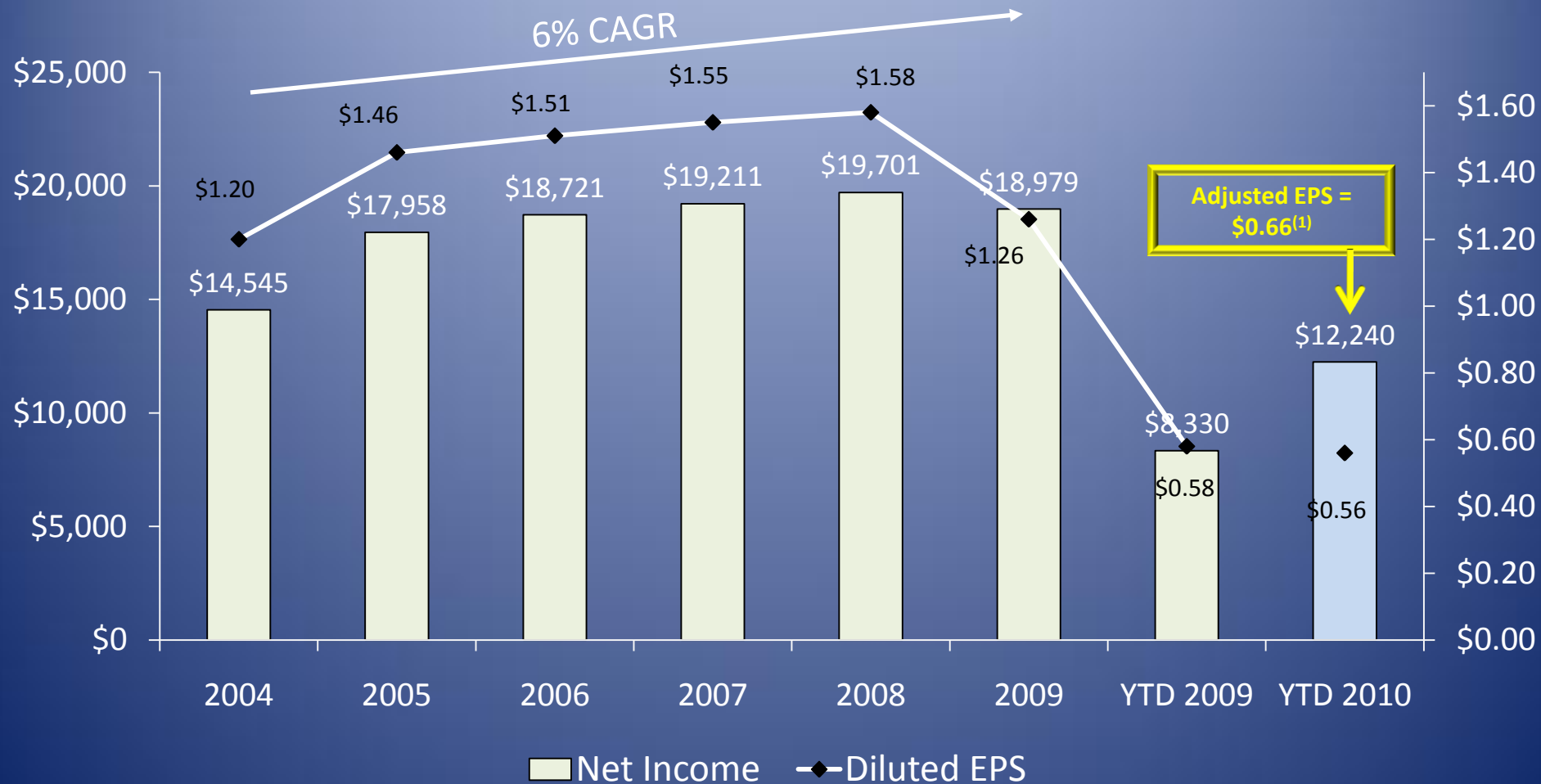
- **History of Organic Growth**
- **Strong Internal Culture**
- **Disciplined Strategy**
- **Consistent Execution**
- **Business Model More Relevant Than Ever**

Financial Review

David M. Findlay

President

Net Income and EPS

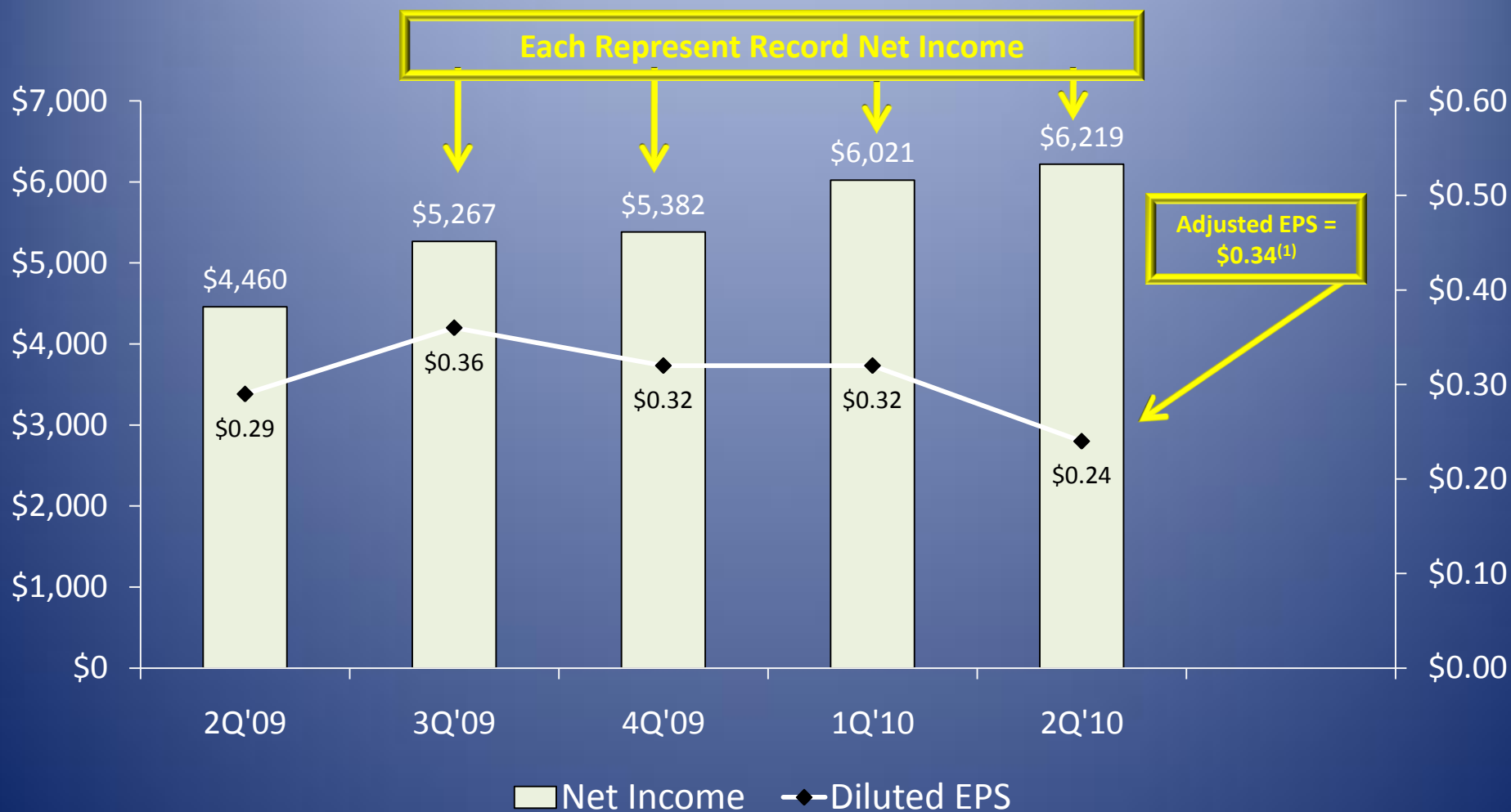


Note: Net income is before preferred dividends.

(1) Adjusted to exclude non-cash reduction in net income available to shareholders of \$1.8 million related to redemption of preferred stock

2009 Net Income Growth (4%)
 YTD 2010 Net Income Growth 47%
 YTD 2010 Adj. EPS Growth 14%

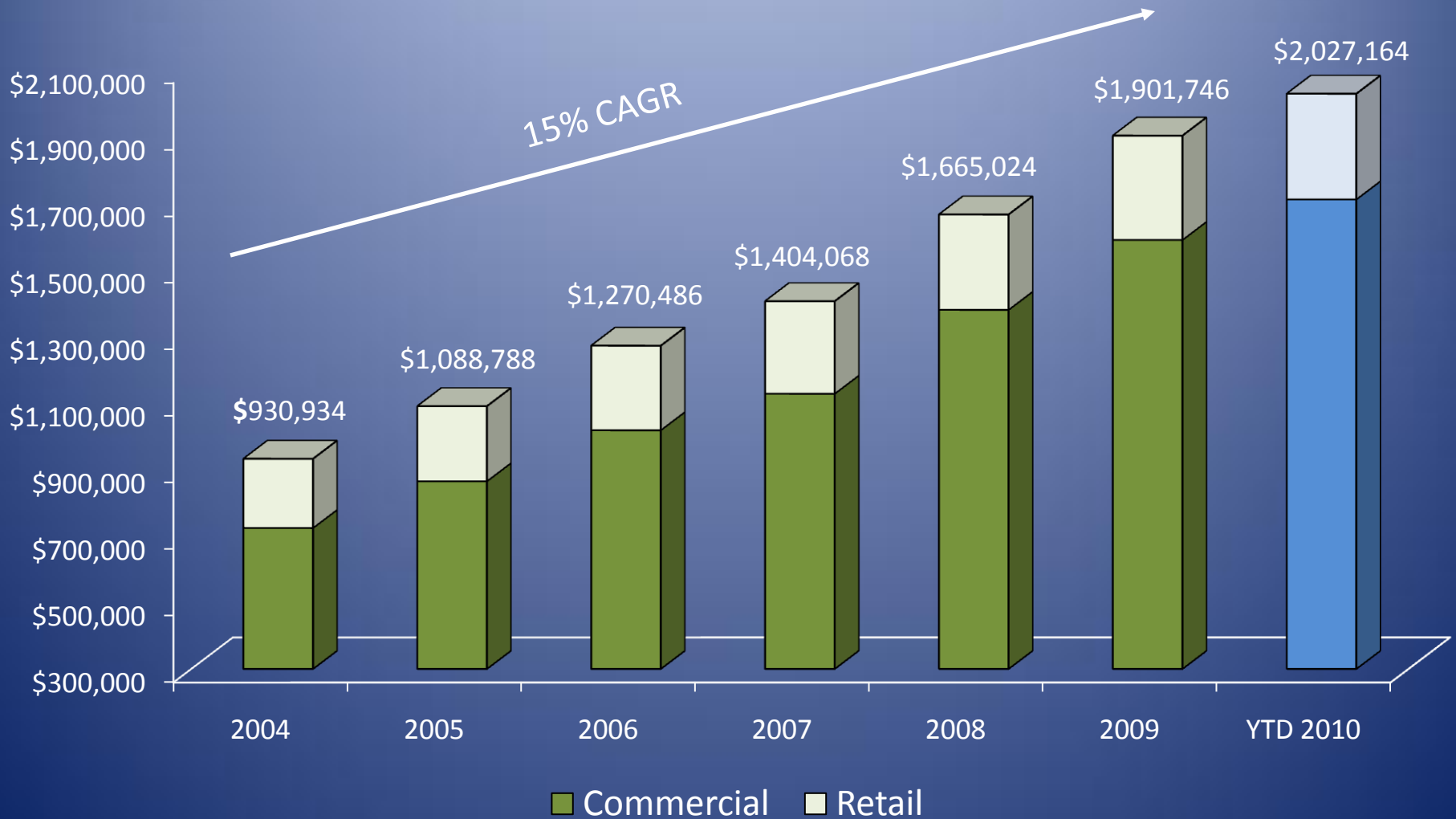
Quarterly Net Income and EPS



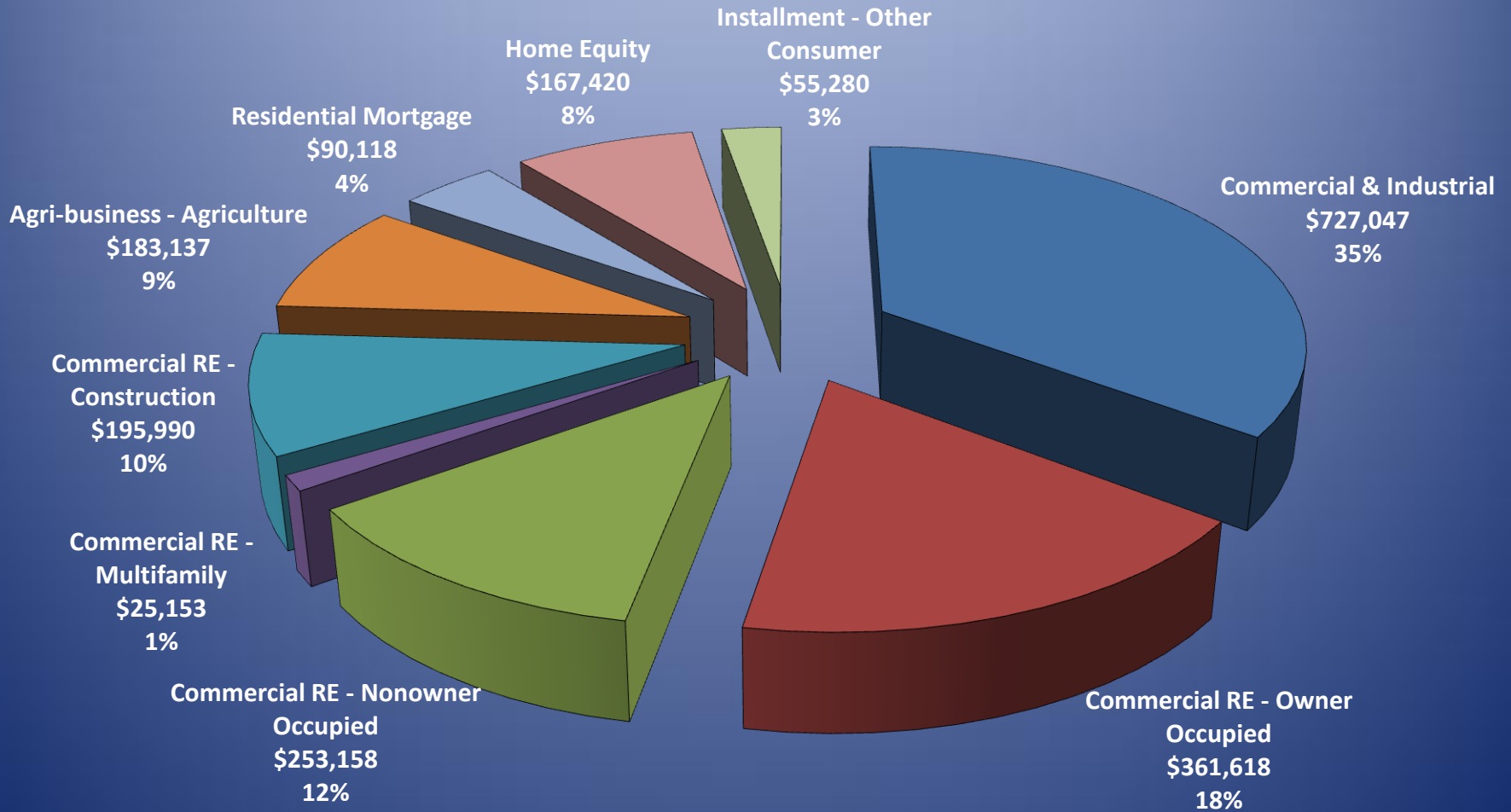
Note: Net income is before preferred dividends and accretion.

(1) Adjusted to exclude non-cash reduction in net income available to shareholders of \$1.8 million related to redemption of preferred stock

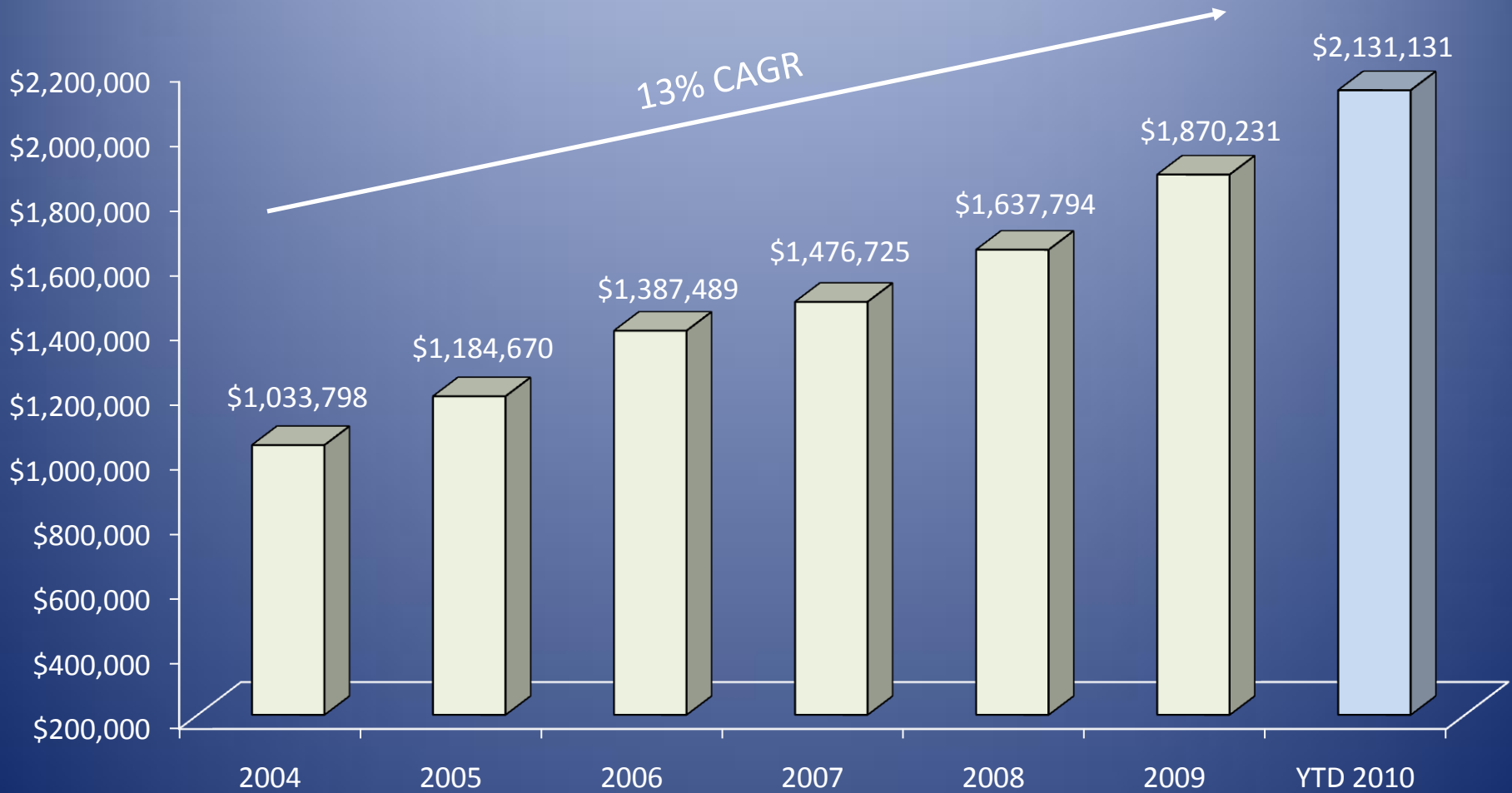
Average Loans



Loan Breakdown



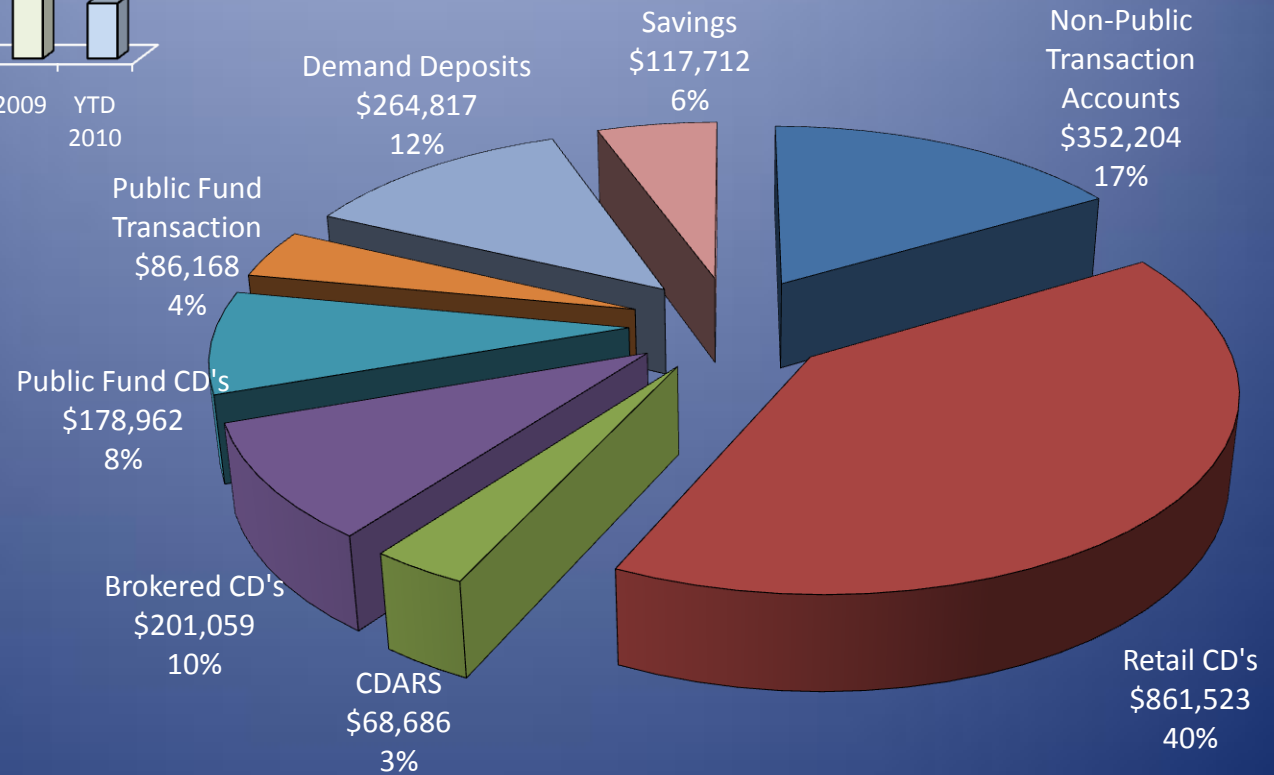
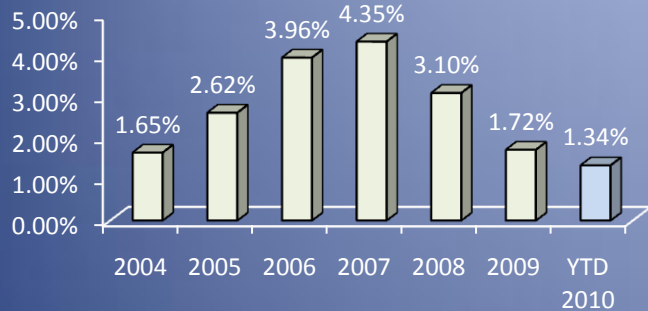
Average Deposits



2009 Growth 14%
YTD 2010 Growth 14%

Deposit Breakdown

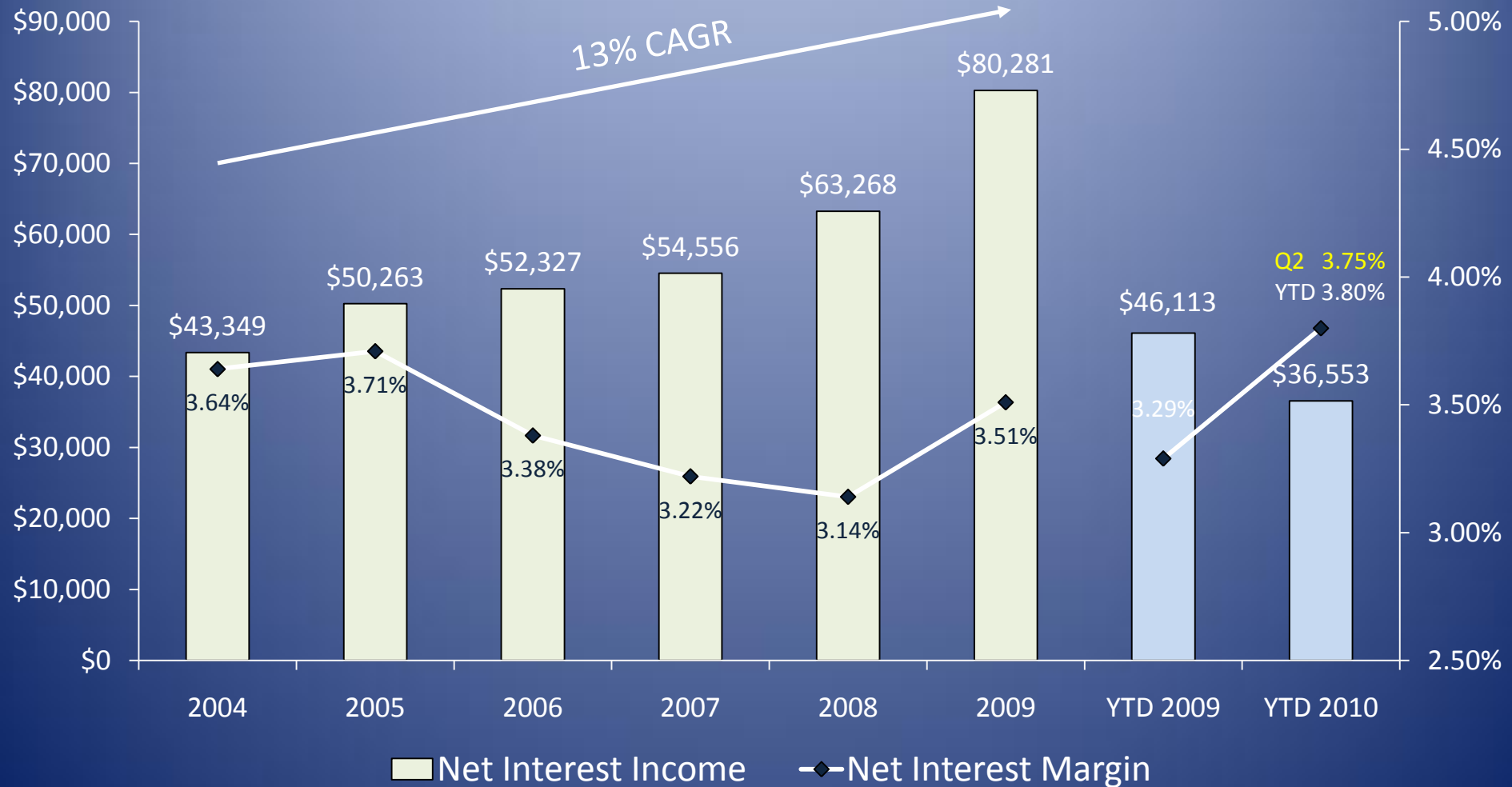
Cost of Deposits in Period



Summary Funding Snapshot

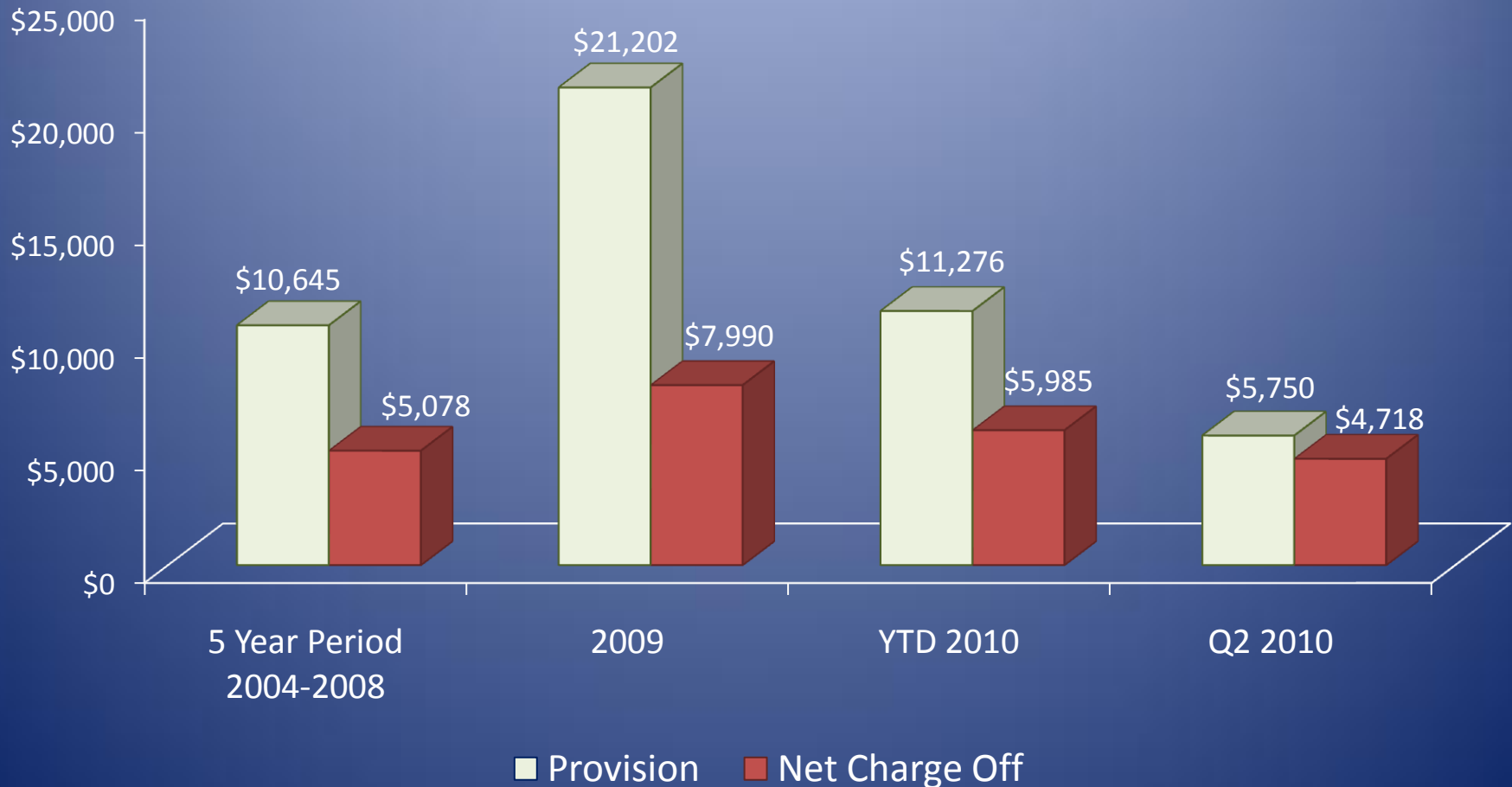
	Dec 31, 2009	% of Mix	June 30, 2010	% of Mix
Total Deposits	\$1,851	83%	\$2,131	91%
Repurchase Agreements	\$127	6%	\$105	4%
Federal Reserve TAF	\$85	4%	\$0	0%
Fed Funds Purchased	\$10	0%	\$71	3%
FHLB Advances	\$170	8%	\$40	2%
Summary Funding Total	\$2,243	100%	\$2,307	100%

Net Interest Income



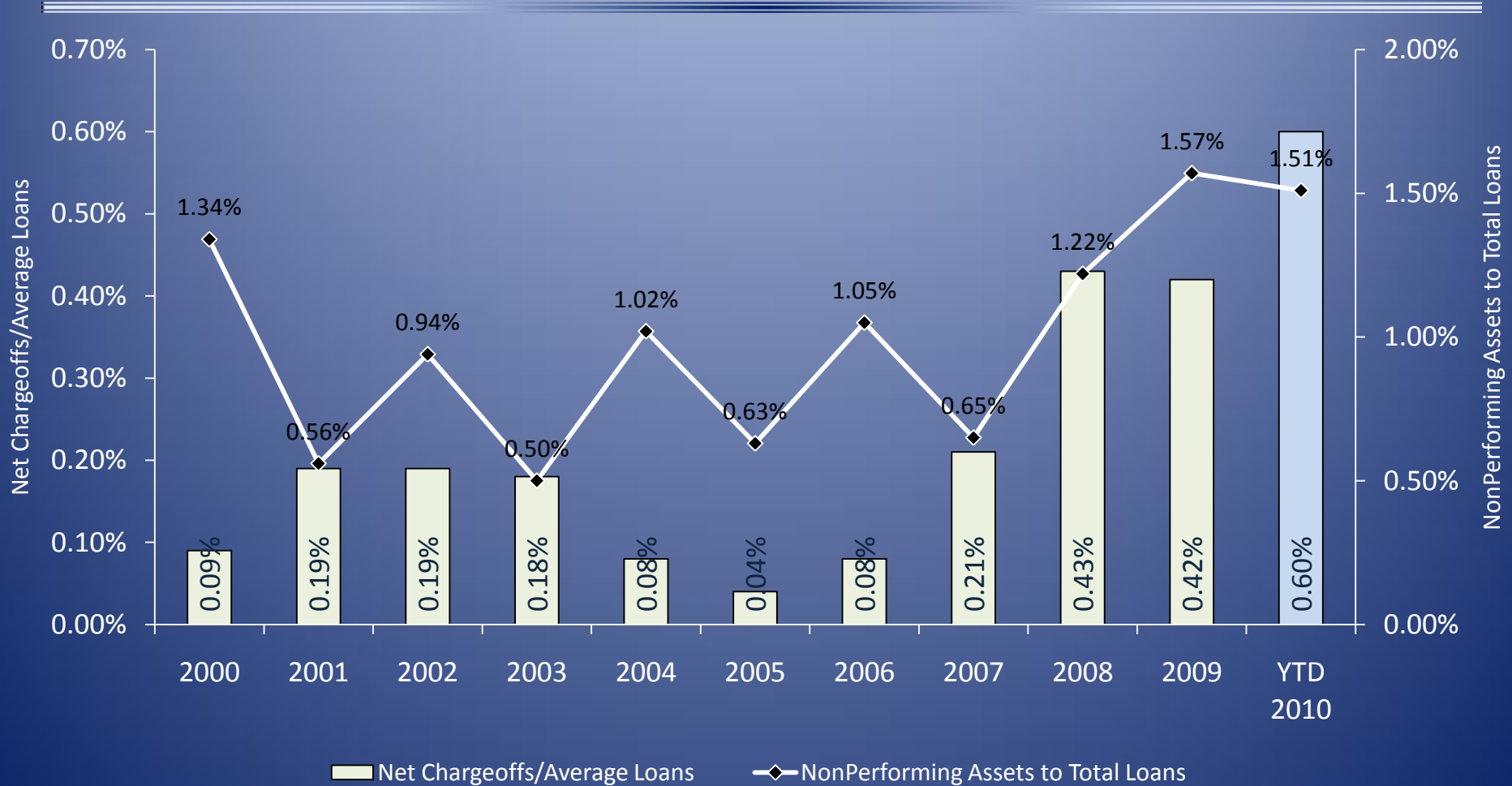
Asset Quality

Provision vs. Net Charge Offs



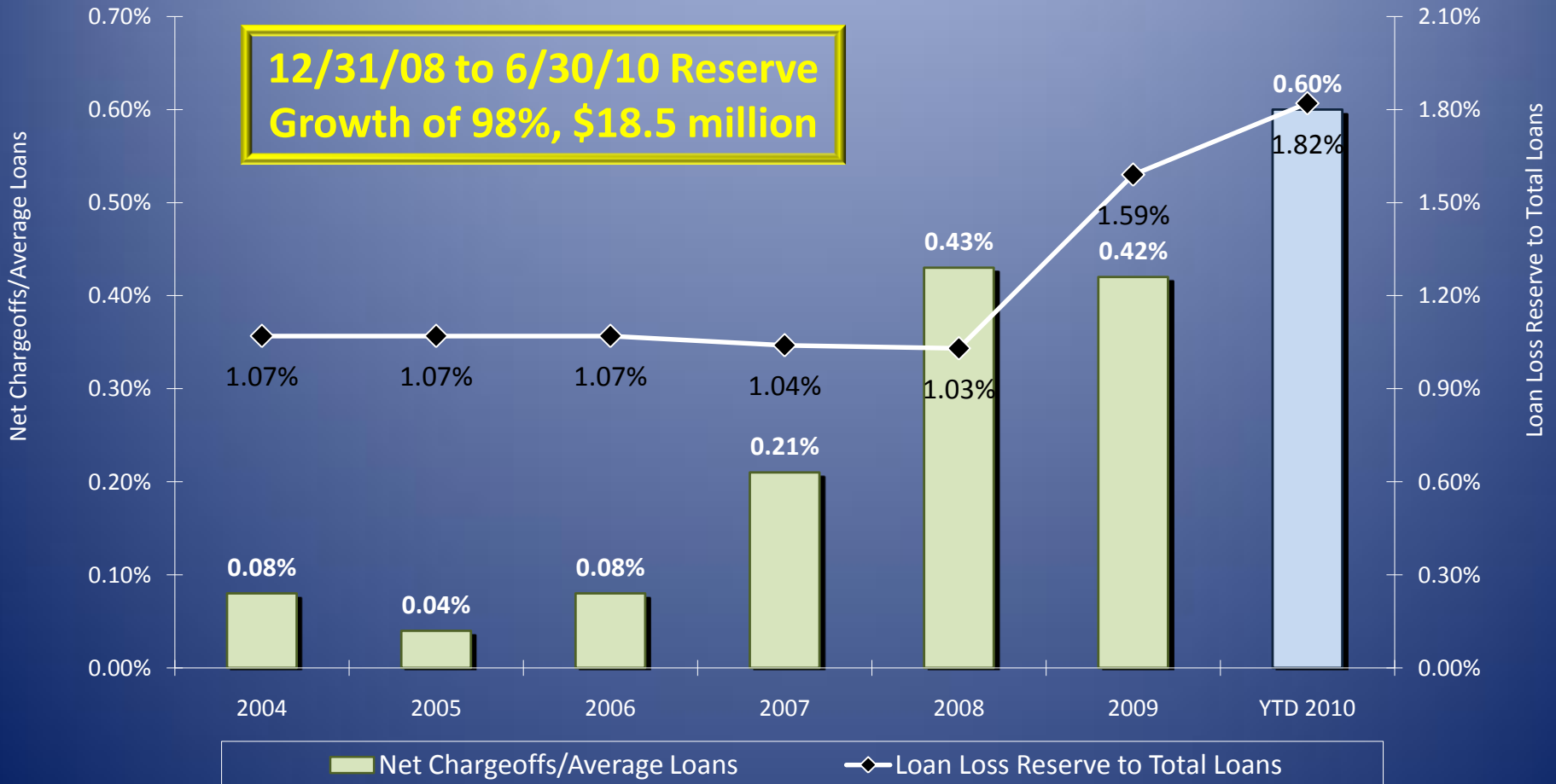
Asset Quality

Trends in NPA's vs. NCO's



Asset Quality

Charge Off and Reserve Summary



Asset Quality

Watch List and Loan Review Management

- **Consistent discipline in Watch List and Loan Review administration**
- **Dedicated loan workout group under Chief Credit Officer**
- **Engaged senior management team in Loan Review process**
- **Work with borrowers, not against them**
- **Absence of cookie cutter approach in loan workout situations**

Asset Quality

Relative to Peers

	LKFN 3/31/10	National Peers		Midwest Peers	
		Median	Percentile Rank	Median	Percentile Rank
Reserves / Non Performing Loans	93%	57%	78 th	53%	88 th
Non Performing Loans / Loans	1.95%	3.61%	72 nd	4.38%	92 nd
Non Performing Assets / Assets	1.53%	2.99%	72 nd	3.45%	88 th
Net Charge-Offs to Average Loans	0.25%	0.77%	81 st	1.14%	99 th

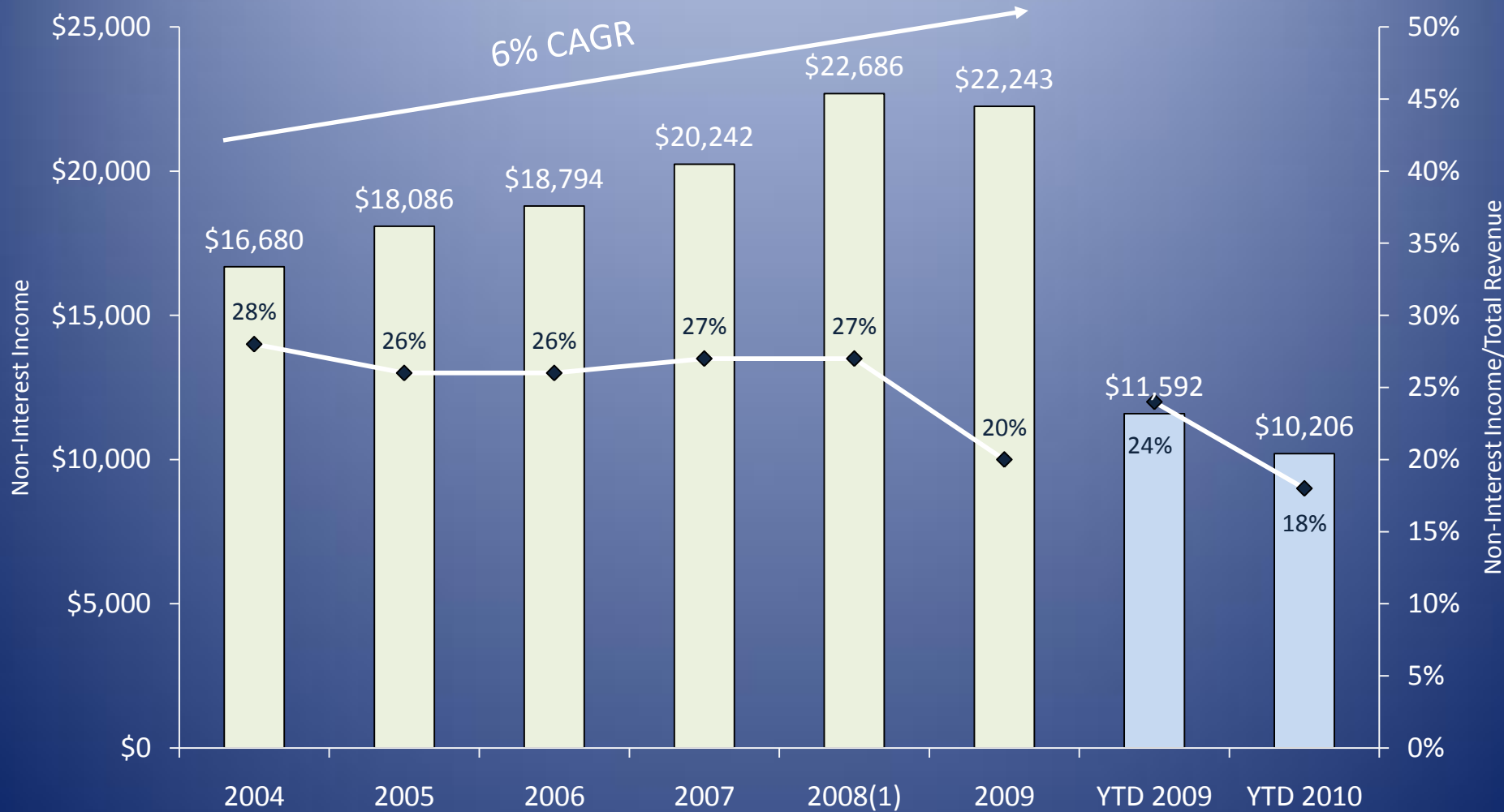
National Peers – All publicly traded banks with assets of \$1B to \$5B (249 Banks included)

Midwest Peers – Publicly traded banks with assets of \$1B to \$5B located in the states of IL, IN, MI & OH. (39 Banks included)

Note: Data based on most recent available quarter.

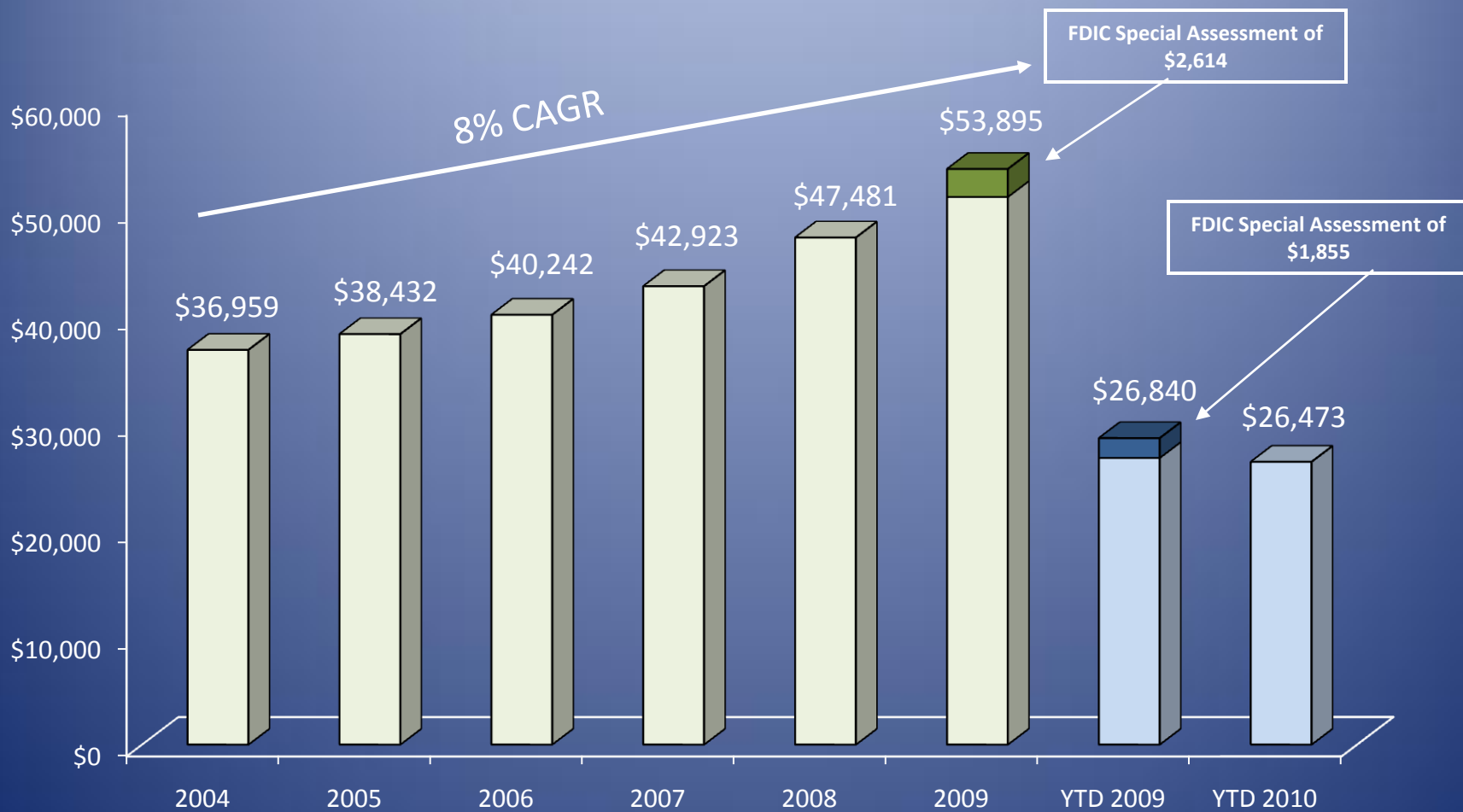
Source: SNL Financial.

Non-Interest Income



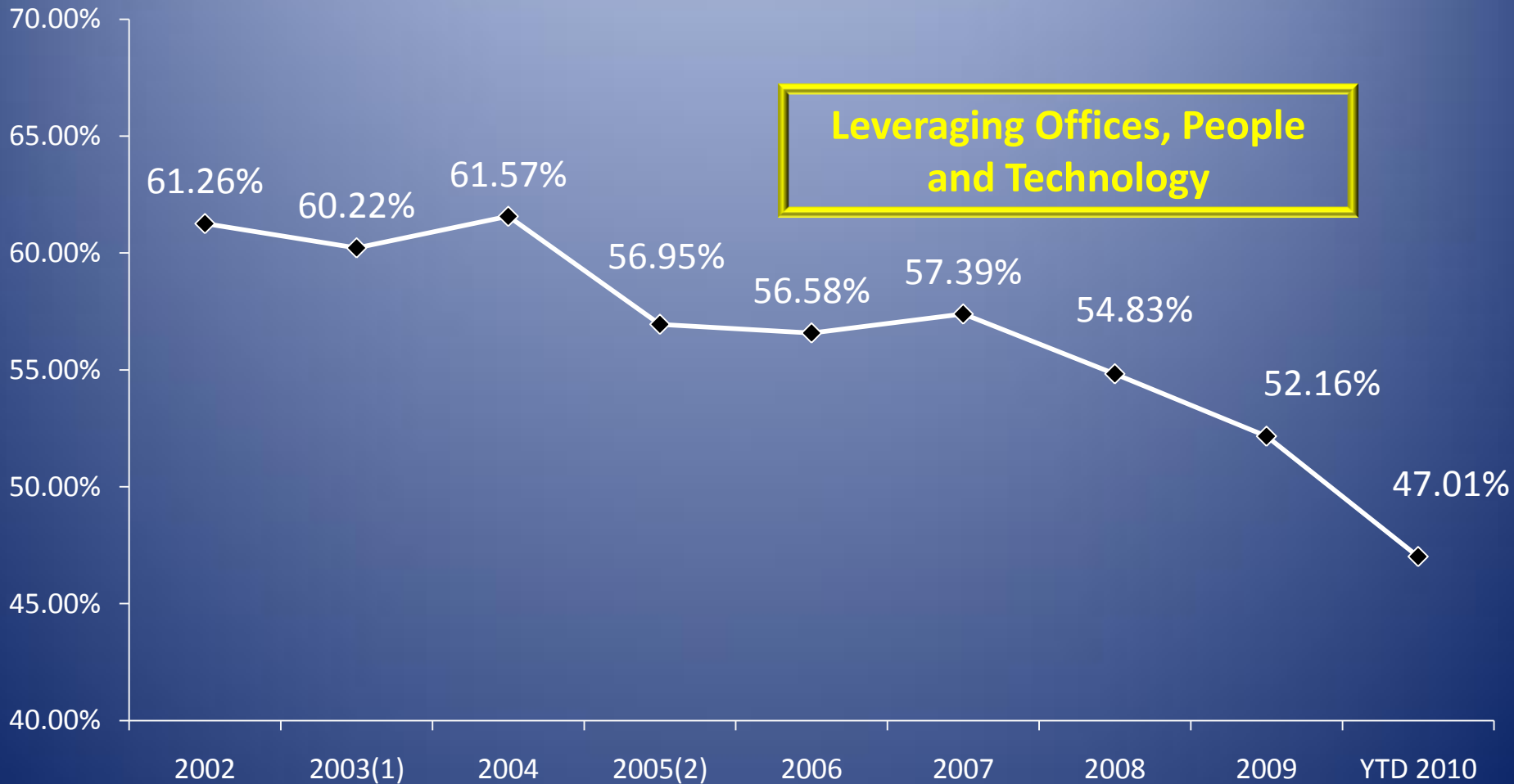
(1) Excluding gain on redemption of VISA shares in 2008.

Non-Interest Expense

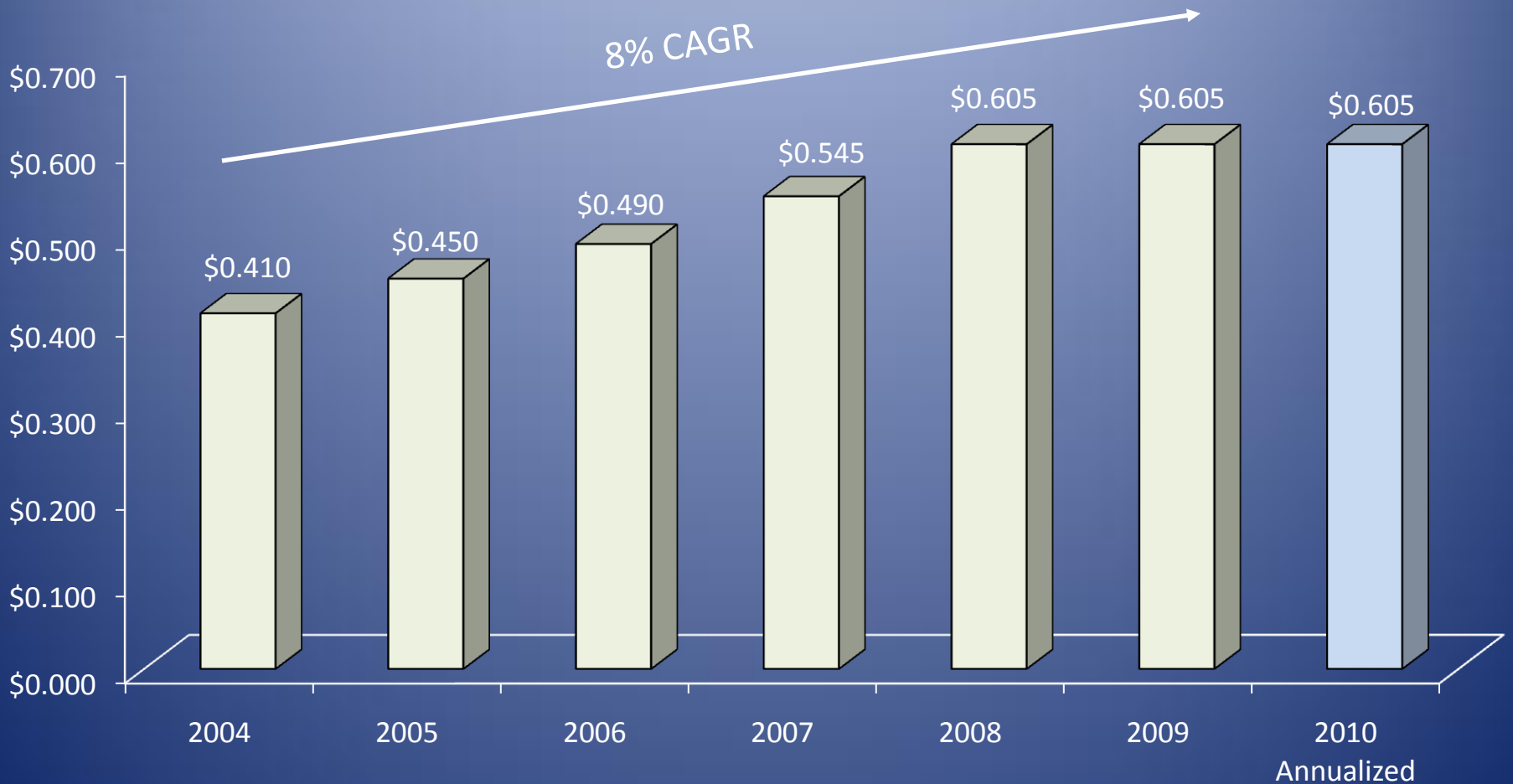


Adjusted 2009 Growth ⁽¹⁾ 8%
 YTD 2010 Growth (1)%

Efficiency Ratio



Paid Dividends Per Share



November 2009 Offering Summary

Total Shares: 3,625,431

Price Per Share: \$17.00

Net Proceeds: \$57.9 million

TARP Repayment

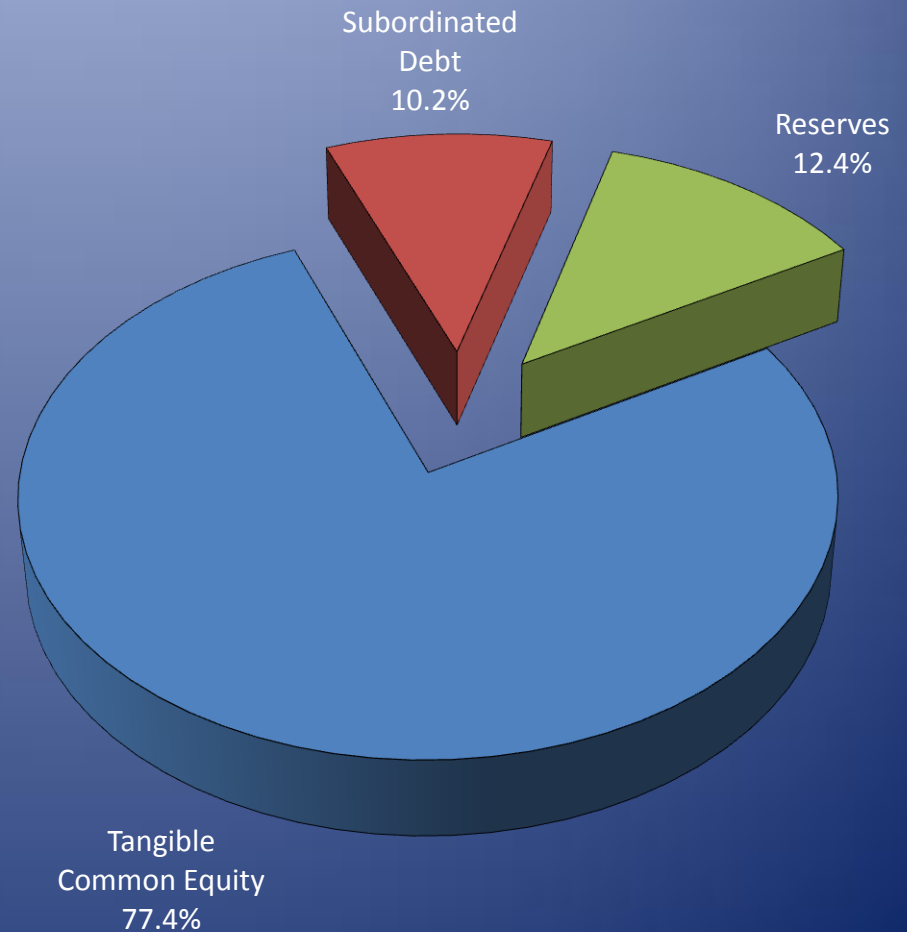
- Repaid 100% of TARP on June 9, 2010
- Elected not to repurchase warrants from Treasury
- Pro forma capital ratios strong

Capital Structure

Key Ratios and Per Share Data

Tangible Equity /Tangible Assets	8.91%
TCE /Tangible Assets	8.91%
Tier 1 Risk-Based	11.76%
Total Risk-Based	13.02%
Leverage	9.92%
Book Value	\$14.76
Tangible Book Value	\$14.52

As of June 30, 2010



**Raymond James
Investor Meetings**
October 2010